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Daily Report—

China

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Daily Report

China

FBIS-CHI-94-237

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General

China Wants To 'Wind Up' GATT Reentry Talks

AU0912120594 Paris AFP in English 1148 GMT
9 Dec 94

[FBIS Transcribed Text] Geneva, Dec 9 (AFP)—China strongly reaffirmed Friday its desire to wind up by year-end substantive talks on re-entry into GATT to qualify as a founder member of the new World Trade Organization (WTO).

The chief Chinese negotiator, deputy foreign trade minister Long Yongtu, delivered the message in what he described as a "very carefully worded" statement to the annual meeting of GATT contracting parties.

If Western trading powers continued blocking Chinese entry by the end of this month, China would just not implement the offers to open up its markets that it had made in the Uruguay Round of trade negotiations, Long told reporters.

"China will not withdraw but put its market access offer on the table and leave it for the various (countries) to think it over, whether it is worth considering or not," he said.

Long also confirmed that if there was no breakthrough by December 31, it would be up to the Western trading powers to take the initiative for a resumption of bargaining.

He said China had shown the world it was "chasing" an agreement for eight years, and "now it is for them to chase us."

GATT Director on China's Accession to WTO

OW0912081494 Beijing XINHUA Domestic Service in Chinese 1624 GMT 8 Dec 94

[By reporter Ban Wei (3837 3803)]

[FBIS Translated Text] Geneva, 8 Dec (XINHUA)—The World Trade Organization [WTO] agreement implementation conference was held in Geneva on the morning of 8 December. The conference unanimously decided that the WTO will be officially inaugurated 1 January next year.

Although China has not completed all negotiations on accession to the WTO, the Chinese Government had fully participated in the GATT Uruguay Round of trade negotiations and also signed the final package agreement, therefore, the Chinese delegation, headed by Long Yongtu, assistant to the minister of foreign economic relations and trade, and Jin Yongjian, Chinese permanent ambassador to the UN mission in Geneva, attended today's conference as a formal member of the executive conference.

At a news conference held after the conference, GATT Director General Sutherland said: The decision reached

by the GATT contracting parties today has great historical significance. More than 50 countries have ratified the Uruguay Round multilateral trade agreement. By 1 January next year, it is estimated that more than 100 countries or regions will have ratified the agreement, thereby becoming official WTO members.

Speaking on the question of China's return to GATT as a contracting member during the news conference, Sutherland said the proposal China made on 28 November for ending within this year substantive negotiations on the question of resumption of China's membership in GATT is an important decision made by the Chinese Government and should be dealt with seriously. He said: The current negotiations are not concerned with who is paying the price, but with what efforts should be made to reach a reasonable agreement. "This means that it is necessary to seek balance in the necessity of China's resumption of its status as a contracting member of GATT and the acceptability of the negotiation conditions." He expressed the hope that the negotiations will, as soon as possible, achieve results satisfying to all parties concerned.

Sutherland said: If EU countries are grouped on one side, China is currently the world's sixth largest trading nation. Moreover, its trading status is being strengthened daily. It is obvious that China should become a WTO member as early as possible.

Beijing Urges Strengthening of Anti-Crime Cooperation

OW0912004394 Beijing XINHUA in English 2215
GMT 8 Dec 94

[FBIS Transcribed Text] United Nations, December 8 (XINHUA)—China on Thursday [8 December] called for the strengthening of international cooperation in the field of crime prevention in order to deal with the worsened world crime situation.

Speaking at the social, humanitarian and cultural committee on crime prevention and criminal justice, Chinese representative, Huang Yongan, proposed that cooperation should be strengthened between states in the field of exchange of information and justice administration so as to enable joint actions against organized transnational crimes.

Cooperation should be strengthened between developed and developing countries, he said. As one of the main causes of the criminality in developing countries lied in their under-developed economy, increased technical and financial assistance to developing countries without attaching any political strings would help strengthen both their capabilities in crime prevention and criminal justice, and the regional and international social stability, which would ultimately benefit the developed countries.

He also said that countries should make use of the international standards in strengthening legislation and legal institutions based on their own specific conditions.

On the UN crime prevention and criminal justice program, Huang said coordination and cooperation between the relevant organs of the UN system and between the UN and other relevant agencies should be strengthened so as to ensure the implementation of the program and that the crime prevention branch could play its central role in coordinating the relevant activities in the UN.

Beijing Wins Bid To Host 1999 World Gardening Show

*OW0912003794 Beijing XINHUA in English 1652
GMT 8 Dec 94*

[FBIS Transcribed Text] Paris, December 8 (XINHUA)—China's bid to host the 1999 World Gardening Exhibition was approved by the International Exposition Bureau (IEB) at a meeting here today.

Kawamura, vice-chairman of IEB, notified participants of the 116th IEB annual meeting of China's bid for the exhibition.

Representatives from 47 IEB member countries voted unanimously to approve the bid. The meeting began today.

The theme of the 1999 World Gardening Exhibition is "the 21st century, a better world."

The IEB, based in Paris, is an international organization for coordinating and approving various world exhibitions. China became a member state of IEB in May 1993.

U.S. Comments on Evacuating UN From Bosnia

*OW0812230694 Beijing XINHUA in English 1929
GMT 8 Dec 94*

["U.S. Ready To Send Troops for Bosnia Evacuation"—XINHUA headline]

[FBIS Transcribed Text] Washington, December 8 (XINHUA)—U.S. President Clinton has decided that the United States is prepared "in principle" to send ground troops to help evacuate UN peacekeepers in Bosnia if it becomes necessary, administration officials said today.

"The president believes it is important the United States, as a leader of NATO, be ready to assist our allies if their forces are in danger," the ASSOCIATED PRESS (AP) quoted an anonymous administration official as saying.

Clinton has offered to contribute "a substantial portion" of combat troops to a potential NATO force designed to evacuate UN peacekeepers from warring Bosnia, an administration official said.

At present there were about 23,000 peacekeeping troops from nearly 20 countries in Bosnia.

With fruitless mediation efforts and the worsening situation in Bosnia, the United Nations and NATO were

urged to develop plans to withdraw the peacekeeping troops from the war-torn nation.

A NATO plan called for some 35,000 to 40,000 troops and the United States has been asked to contribute more than the majority of such troops, a Pentagon official told ap.

"The president has decided that the United States is prepared in principle to commit U.S. ground forces to future NATO-led operation to support an UNPROFOR (United Nations Protection Force) withdrawal," AP quoted an official as saying.

A senior Pentagon official said the overall U.S. force would be composed of "a number of brigades... in the single digits."

But any actual deployment of the troops would be subject to final presidential approval and consultations with Congress, an official said.

Clinton's decision to send combat troops to Bosnia was seen as a sharp turnaround of the administration's Bosnia policy. The administration has refused to join allies in sending ground forces to Bosnia.

U.S. Seeks Diplomatic Solution

*OW0912000894 Beijing XINHUA in English 2319
GMT 8 Dec 94*

[FBIS Transcribed Text] Washington, December 8 (XINHUA)—A senior Pentagon official indicated Thursday [8 December] that Washington is still seeking a diplomatic solution to the Bosnian conflict though it is prepared to send ground troops to help evacuate UN peacekeeping forces.

After he announced the change of U.S. position on the use of ground forces in the war-torn former Yugoslav Republic, the press turned their attention to such questions as whether NATO would resume air strikes on the Serbs' military positions in Bosnia or the U.S. would lift unilaterally the arms embargo against the Muslim-led Bosnian Government after the UN pullout.

The official replied, "I think you could summarize our Bosnia policy at this time as committing to the continued deployment of UNPROFOR (UN Protection Force) so long as UNPROFOR countries and the United Nations believe it is doing a job; a commitment to assist in the withdrawal of UNPROFOR if that becomes necessary; and a further commitment to shape a post-UNPROFOR strategy."

Washington will discuss a post-withdrawal strategy with its allies "with a view toward finding a common position," he said.

He made it clear that although the concern shared by the U.S. allies about the safety of their forces in Bosnia would go away with a possible UN withdrawal, "we

continue to oppose unilateral lift...one of the options that we will discuss with them is multilateral lift."

As for possible more air raids, he contended that even after the departure of UN forces, "there still remains a concern about whether the use of air power by itself is sufficient to create a military solution."

By way of summing up, he stated: "We remain focused on a diplomatic solution. We don't think that air power by itself, or indeed, lifting the arms embargo by itself is a solution. What we want to do is to create every incentive for the contact group plan to be accepted....we are not contemplating even in a post-UNPROFOR environment a military solution to this conflict."

UN Security Council Extends Mandate of Angola Mission

OW0912005194 Beijing XINHUA in English 2325
GMT 8 Dec 94

[FBIS Transcribed Text] United Nations, December 8 (XINHUA)—The UN Security Council today approved a two-month renewal of the mandate of some 80 UN observers in Angola.

The action was taken following a cease-fire established by the warring parties in Angola.

On November 22, the Angolan Government and Unita (the National Union for the Total Independence of Angola) signed a peace accord in Luwaka, Zambia, which ended 20 years of civil war.

In a unanimously approved resolution, the Security Council also welcomed UN Secretary-General Butrus Butrus-Ghali's decision to proceed with the restoration of the strength of the force, known as UNAVEM II.

It agreed with the secretary-general that the actual enlargement will be dependent on the strict observance by the parties of an effective cease-fire and on the provision by them of satisfactory guarantees regarding the safety and security of the United Nations personnel.

Originally, UNAVEM II's authorized strength was 350 military observers, 90 police observers.

The Security Council also called upon the parties to honor the commitments made by them and to continue to work together to achieve national reconciliation on the basis of the peace accords they had signed.

Chinese UN envoy Li Zhaoxing, in a speech after the voting, said the resolution just adopted had demonstrated the resolve of the Security Council to continue its support for the Angolan peace process as well as the readiness of the international community to continue its efforts to help achieve national reconciliation and restore peace and stability in angola at an early date, thus bringing it onto the track of reconstruction and economic recovery.

He said that in this regard, UNAVEM II has done tremendous work and played an important role and that Chinese Government has given and will continue to give its full support.

Christopher Concludes Middle East Peace Visit

OW0812162794 Beijing XINHUA in English 1535
GMT 8 Dec 94

[FBIS Transcribed Text] Jerusalem, December 8 (XINHUA)—U.S. Secretary of State Warren Christopher concluded his sixth peace shuttle to the Middle East this morning and left here for the United States.

During his trip, which started Tuesday [6 December] in Syria and ended in Israel, he held talks with Syrian President Hafiz al-Asad, Israeli Prime Minister Yitzhak Rabin and Foreign Minister Shim'on Peres, and PLO Chairman Yasir 'Arafat.

Following his meeting with Peres Wednesday night, Christopher told reporters that after his talks with Syrian and Israeli leaders, he was convinced that "the peace process is moving forward, the parties are working together through us, the gaps are being narrowed."

Christopher told Rabin and Peres that progress has been made in the Israeli-Syrian talks, but he declined to issue any concrete statement on such progress.

The U.S. secretary also disclosed that he had a telephone conversation Wednesday with Syrian Foreign Minister Faruq al-Shar' to brief him on his talks with Israeli leaders.

"I don't think it is necessary for me to go back to Damascus. I will telephone President al-Asad," he said.

Besides his aim to revive the deadlocked Syrian-Israeli negotiations, Christopher also tried to mediate between Israel and the Palestinians.

Israel and the Palestinians have been dragged along the issues of Palestinian elections and Israeli military redeployment in the West Bank. Under the Oslo Accord, Israeli troops must withdraw from the Palestinian population centers in the West Bank before the Palestinian elections.

In Gaza, Christopher told 'Arafat Wednesday afternoon that Israel should not be expected to withdraw its troops from Palestinian population centers unless the PLO ensures security in areas under its control.

Christopher has indicated that the U.S. favors moving ahead with Palestinian elections, while delaying Israeli Army redeployment away from Arab population centers at least until Israeli security concerns are met, according to a senior U.S. Administration official.

"There are two needs. From the Palestinian standpoint, there is a need for elections. This creates legitimacy and builds credibility. From the Israeli perspective, there is a need for security. We believe you can reconcile both,"

said the official in an interview with "THE JERUSALEM POST" Wednesday night.

The Israeli cabinet will continue its debate on how to proceed the talks on implementing next-stage Palestinian autonomy, and a statement is expected this afternoon.

Meanwhile, Peres and 'Arafat are to meet this morning at the Erez checkpoint to discuss the issues of Palestinian elections and Israeli redeployment.

The issues are expected to be discussed further when Rabin, Peres and 'Arafat meet Saturday in Oslo where they will receive this year's Nobel Peace Prize.

U.S. White House Opposes Atomic Bomb Stamp

*OW0812160294 Beijing XINHUA in English 1516
GMT 8 Dec 94*

[FBIS Transcribed Text] Washington, December 7 (XINHUA)—The White House today voiced opposition to a proposed U.S. postage stamp that commemorates the end of the World War II with a picture of an exploding atomic bomb.

"We agree that the atomic bomb helped speed the end of the war. But again there could be more appropriate ways to depict that event," said White House Press Secretary Dee Dee Myers.

The atomic bomb stamp, part of a five-year series commemorating World War II, portrays a mushroom-shaped cloud over the caption, "atomic bombs hasten war's end, August 1945."

The United States dropped two atomic bombs on Hiroshima and Nagasaki, Japan, in August 1945 to force a Japanese surrender. The bombs killed an estimated 210,000 people, mostly civilians.

The Japanese Embassy lodged a formal protest against the stamp Friday [2 December], noting that tens of thousands of non-military Japanese were killed in the bombings.

The stamp is due to be released in September next year.

Myers said the Postal Service is now "aware of the sensitivity of this issue." She said White House Chief of Staff Leon Panetta had told Postmaster General Marvin Runyon about the White House's concerns.

The CBS TV networks said the Postal Service is now reviewing the stamp and might change its artwork.

Sino-German Seminar Addresses Subway, Railway Production

*OW0812163994 Beijing XINHUA in English 1542
GMT 8 Dec 94*

[FBIS Transcribed Text] Nanjing, December 8 (XINHUA)—China will have completed nine subway and light-railway communication projects, with a total length

of 144 km in seven cities by the end of this century, according to the third Sino-German seminar on the subject, held in this capital of east China's Jiangsu Province.

Coupled with a booming economy, the number of Chinese cities with populations of over one million each has increased to 35 from 28.

Subways and light railways can transfer up to 60,000 passengers at 30 kph [kilometers per hour] to 45 kph, according to the seminar. This is thus the quickest way to transport the great number of city commuters.

Subways totalling 51 km have been in operation in Beijing and Tianjin, a municipality in north China, since the 1970's.

So far, seven cities have been given approval to construct subways and light railways.

The subway in Beijing is now being expanded, while subways are under construction in Shanghai, China's largest manufacturing center, and Guangzhou, the capital of south China's Guangdong Province.

Qingdao, a beach city in east China's Shandong Province, Shenyang, capital of northeast China's Liaoning Province and Chengdu, a city in southwest China's Sichuan Province, are preparing to build similar systems.

They are followed by other 20 or so large- and medium cities, including Nanjing, Chengdu, capital of southwest China's Sichuan Province, Shenzhen, in Guangdong, and Wuhan, capital of central China's Hubei Province.

Experts said China will witness a brisk expansion of urban track communication from now to the next century.

During the seminar, the Chinese and German experts discussed how to raise funds for the projects and how to produce the track equipment in China.

Considering the high cost and the long time limit of the projects, experts recommend that foreign capital be introduced while the cities raising fund for themselves.

Germany and Japan have provided official loans to the track communication projects, and entrepreneurs from Australia, Spain, Hong Kong and other countries and regions have also invested in the projects.

Some cities have successfully issued bonds to pool money for subway construction.

Some experts emphasized that though it has to import key technology and equipment for those projects, China need to organize research institutions and firms to develop the technology and manufacture the equipment all by itself in the long-run.

Xinjiang's Investment in Overseas Countries Noted

*OW0812172194 Beijing XINHUA in English 1642
GMT 8 Dec 94*

[FBIS Transcribed Text] Urumqi, December 8 (XINHUA)—Xinjiang, in the far northwest of China, has invested 120 million U.S. dollars in neighboring countries to set up businesses there.

The overseas companies numbered 466 by the end of October this year. They are primarily located in Mongolia, Russia, and Kazakhstan and other Central Asian nations.

The autonomous region set up its first enterprise abroad in 1989 in Tashkent, the capital of Uzbekistan. The factory produces vacuum flasks and was the first overseas company China set up in the Commonwealth of Independent States.

In 1994 Xinjiang started to invest further afield—in the United Arab Emirates, Canada and Malaysia.

This year, among the 80 approved projects, 70 percent were in the industrial sector, while in the past capital went exclusively to commerce and services.

United States & Canada

Clinton Signs Treaty on World Trade Organization

*OW0912003994 Beijing XINHUA in English 1725
GMT 8 Dec 94*

[FBIS Transcribed Text] Washington, December 8 (XINHUA)—U.S. President Bill Clinton signed today the landmark General Agreement on Tariffs and Trade (GATT) in the ornate hall of the Organization of American States.

The GATT accord, which sets up a new, more powerful World Trade Organization to police trade disputes, is scheduled to go into effect on January 1, 1995.

Clinton's signature means that the United States will join with 123 other countries in the World Trade Organization (WTO).

Flanked by bipartisan leaders and members of the cabinet, Clinton said that the 22,000-page agreement that cuts global tariffs by 38 percent and knocks down other barriers to trade was a victory for American workers because it would expand markets for U.S. products and services.

The GATT treaty has been approved by nearly 40 other countries and U.S. officials expect another 40 to do so before the end of this year.

Clinton will fly to Miami later in the day to open the Summit of Americas, convened to promote free trade among hemispheric countries.

Qian Qichen Meets U.S. Senators

*OW0912115094 Beijing XINHUA in English 1129
GMT 9 Dec 94*

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—Qian Qichen, Chinese vice-premier and foreign minister, met here today with Paul Simon and Frank Murkowski, senators of the United States.

During the meeting, Qian and the two senators exchanged views on international issues of common concern.

Microsoft, Electronics Industry Sign Software Pact

*OW0812172294 Beijing XINHUA in English 1645
GMT 8 Dec 94*

[FBIS Transcribed Text] Beijing, December 8 (XINHUA)—U.S. Microsoft, the global software leader, signed a memorandum of understanding here today with China on the development of the Chinese version of its new operating system, "Windows 95", according to the Chinese Ministry of the Electronics Industry.

Both sides are now fully prepared to present a unified standard for Chinese software and to turn out world-advanced software products complying with the standard.

The agreement, reached after nine months of talks, represents Microsoft's desire to accelerate its software localization in China in an attempt to open up the world's largest untapped market for software.

At the moment, China has a large variety of local software, resulting in a lack of compatibility, which has set back the popularization of computer application in the country, said Yang Tianxing, director general of the ministry's Computer Department.

He noted that a Chinese-version computer platform conforming to the unified standard is bound to play a decisive role in promoting China's computer industry.

According to the memorandum, the Chinese side will take advantage of its familiarity with Chinese processing, while making full use of Microsoft's latest technology in developing the Chinese version of "Windows 95".

Microsoft has disclosed its development strategy for China, stating that it expects to launch exclusively-funded companies here. It also hopes to step up co-operation with China's top software producers and to train workers in the field for China.

In the near future the Microsoft is to focus its software localization efforts on perfecting the widely-used MS.Windows 95, MS.Windows NT3.5, MS.Mail and Foxpro products.

Article Views Chinese Americans in U.S. Politics
HK0812125894 Beijing ZHONGGUO XINWEN SHE
in Chinese 1350 GMT 24 Nov 94

[Roundup by Mai Zi (7796 1311): "Chinese Americans Involved in State Affairs Viewed from Bill Clinton's Federal Appointments Over Past Two Years"]

[FBIS Translated Text] 24 Nov (ZHONGGUO XINWEN SHE)—The U.S. Democratic Party recently announced that since taking office, President Clinton has appointed a total of 35 Asian Americans to various key federal positions, the largest number ever appointed by a U.S. president.

Most of these Asian Americans are Chinese Americans. They include Peng Fuyou, assistant to the secretary of defense; Huang Jiannan, first deputy assistant secretary of commerce; Zhou Lingzhuang, special assistant to the President; Zhou Wuxiu, deputy assistant secretary of the treasury; Zhou Yinglie, assistant secretary of veterans affairs; Zhen Zhenwen, general counsel of U.S. Information Agency; Zhang Huiqing, general counsel of the Federal Communications Commission; Xu Fudong, general counsel of the Federal Trade Commission; Shen Tang, assistant to the undersecretary of Defense; Shi Jiashun, deputy administrator of the Research and Special Programs Administration under the Department of Transportation; Huang Zhelun, member of the Presidential Commission on the Arts and Humanities; Liu Zhenzhu, general counsel of the Department of Commerce; Zhong Luoling, assistant secretary of Employment and Training Administration under the Department of Labor; Huang Jia Guilian, senior assistant to the deputy commissioner of the Internal Revenue Service under the Department of the Treasury; Mike Hu, chief of the Pacific Section of the National and Community Service Administration; Wally Liu, inspector general of the Department of the Treasury; federal Judge Chen Zhuoguang; Yu Jiang Yuegui, U.S. ambassador to Micronesia; and so on.

These appointments by President Clinton have drawn divergent responses and comments from the U.S.-based Chinese community. Some people believe that these appointments attest to the fact that Chinese Americans have scored gratifying results in respect of political involvement. These appointments not only display the leadership talent of Chinese Americans, but also show that U.S. politicians and mainstream society are paying growing attention to the leadership role of Chinese Americans. Some people maintain that President Clinton has honored the promises he made during his election campaign: Appointing more ethnic minorities to federal government positions to reflect the U.S. population's ethnic makeup. However, some other people insist that despite the large number of such appointments, the majority of appointees are technocrats and have only been appointed to "deputy" positions. None of them have been appointed as secretary, not even as undersecretary. This is unfair, they say. Of course, there are also

many people who hold a positive and optimistic view about the situation. Wu Xianbiao, a former deputy governor of Delaware, said that Chinese Americans will certainly make greater contributions to the U.S. Government so long as they enhance solidarity and unity and conscientiously make personnel recommendations.

In the United States, there are only two main channels for participating in mainstream politics, namely, elections and government appointments. In recent years, more and more Chinese Americans have stood up, fought, and displayed their talents and skills in the U.S. political arena. For instance, more than 100 Chinese Americans campaigned for public office at all levels—including high government positions such as city mayor, state governor, and congressman—in last November's mid-term elections. More than 10 Chinese Americans successfully defeated other candidates and entered public office. Besides, a growing number of Chinese Americans have been appointed to many key posts over the past few years. And an even larger number of Chinese Americans have been promoted or appointed to state governments, city governments, and other government positions.

At the moment, a key issue facing Chinese Americans involved in U.S. politics is how to pass through the "bottleneck," namely, how to capture higher positions such as federal government secretary, state governor, and congressman. To do this, they have to overcome two big obstacles: 1. Their concern for professional work rather than politics; 2. Their concern for bank notes rather than votes. Many Chinese Americans hope to see more of the Chinese elite campaign for public office. They also hope that the broad masses of Chinese Americans will enhance solidarity and cooperation and will help the elite enter high public office.

Correction to 'Heated Exchange' on GATT Reentry

OW0812062594

The following correction pertains to the item headlined "'Heated Exchange' Held on GATT Reentry" published in the 7 December China DAILY REPORT on page 3.

Page three, column two, paragraph five, first sentence make read: ...China; it is not a deadline for... (adding word "not.")

Same paragraph, penultimate sentence make read...United States wants a good agreement, not a quick one. Negotiations on China's...(changing "negotiations" to "agreement").

Central Eurasia

Russia 'Angry' Over NATO's Expansion Plans

*OW0912041694 Beijing XINHUA in English 0332
GMT 9 Dec 94*

[News Analysis" by Zhang Tiegang]

[FBIS Transcribed Text] Moscow, December 8 (XINHUA)—Two days after the Budapest CSCE summit meeting, Moscow is still angry at the NATO's expansion plan to include east European nations and leave Russia isolated.

At a meeting with representatives from Russian human rights organizations today, Foreign Minister Andrei Kozyrev described the expansion plan of the North Atlantic Treaty Organization (NATO) as "thoughtless and egoistic."

Repeating Moscow's objection to the expansion, Kozyrev said, "if NATO is not against us (Russia), why should it be without us?"

The dispute between Russia and the United States over a speedy NATO admission of east European countries had overshadowed the Budapest meeting.

In an address to the meeting, U.S. President Bill Clinton said that no outside country should be allowed to veto NATO's expansion.

Yeltsin said today that it is a "dangerous delusion" to think "the destinies of continents and the world community in general can somehow be managed from one single capital."

The Russian press has even interpreted the Budapest summit as "a diplomatic disaster" and a miserable failure in Russia's effort to exert its superpower status.

"Russian diplomacy has suffered a terrible defeat," IZVESTIA said on its front page. "And Russia can only blame itself."

Russia's objection to NATO's expansion, said Sergei Medvedev, an analyst at the Russian Academy of Science's Institute of Europe, only proves that the "partnership for peace" agreements which allow former Soviet bloc countries to align with but not fully join NATO have never been acceptable in spirit to Moscow.

"There never really was any consensus about what the partnership for peace was," he said. "Everyone interpreted it in his own way."

Yeltsin once indicated its approval of the partnership, but only to the extent that it would postpone NATO's actual inclusion of east European countries, Medvedev added.

Medvedev said that if NATO becomes the dominate force in Europe, Russia will exert the same leverage over the countries of the former Soviet Union.

He noted that as a result, Russia will suffer from a new polarization from the west, not economically or socially, but politically.

Northeast Asia

Hu Jintao Says Sino-DPRK Ties Good for Northeast Asia

OW0812142694 Beijing XINHUA in English 1416 GMT 8 Dec 94

[FBIS Transcribed Text] Beijing, December 8 (XINHUA)—The enhancement of ties between China and the Democratic People's Republic of Korea (DPRK) benefits peace and stability not only on the Korean peninsula but also in the rest of Northeast Asia, said a top Chinese leader here today.

In the current complex and volatile international situation, consolidating Sino-DPRK friendly co-operation not only conforms to the fundamental interests of the two parties, two countries and two peoples, but is also of great significance to promoting peace and stability on the Korean peninsula and in Northeast Asia at large, said Hu Jintao, a member of the Standing Committee of the Political Bureau and of the Secretariat of the Chinese Communist Party Central Committee.

He made the remarks in a meeting with Hyon Chon-kuk, director of the International Affairs Department of the Central Committee of the Workers Party of Korea, at the Great Hall of the People.

Hu noted that the DPRK people have turned grief into strength, are uniting around the central committee of the party headed by Comrade Kim Chong-il, and are forging ahead in all spheres of work.

"We sincerely wish you new achievement in national construction, safeguarding peace and stability on the peninsula and pursuing peaceful reunification of the fatherland," Hu said.

During the meeting Hyon conveyed regards from Kim Chong-il to Jiang Zemin, Deng Xiaoping and other Chinese comrades.

The DPRK people are determined to carry out Chairman Kim Il-song's behests and to participate vigorously in the great struggle to build socialism, Hyon said.

"We cherish DPRK-China friendship," he said, adding that it is the DPRK's unwavering policy to augment the friendship between the two parties and two peoples.

Hyon was ambassador to China from 1967 to 1977. He came here on December 2 as a guest of the International Liaison Department of the CPC Central Committee.

After the meeting, the DPRK visitors left here for home by train.

DPRK Delegation Meets Hu Jintao, Leaves for Home

OW0812144894 Beijing XINHUA Domestic Service in Chinese 1220 GMT 8 Dec 94

[FBIS Translated Text] Beijing, 8 Dec (XINHUA)—Hu Jintao, Political Bureau Standing Committee member

and Secretariat member of the CPC Central Committee, met with Hyon Chon-kuk, director of the International Department of the Workers Party of Korea [WPK] Central Committee, and his group at the Great Hall of the People this afternoon. The two had a cordial, friendly talk.

Extending welcome to Hyon Chon-kuk, an old friend of the Chinese people, on his visit to China again, Hu Jintao emphasized: There exist traditional friendly relations between the two nations and two parties. Under the current complex, ever-changing international situation, to consolidate and strengthen friendly and cooperative relations between China and the DPRK not only conforms to the fundamental interests of the two parties, two nations, and two peoples, but is also of great significance in promoting peace and stability on the Korean peninsula and in Northeast Asia.

Hu Jintao said: The DPRK people, after experiencing profound grief over the passing of President Kim Il-song, have closely rallied around the WPK Central Party headed by Comrade Kim Chong-il and have turned grief into strength, striving to facilitate the smooth progress of the work of the party and the state in various fields. We sincerely wish the DPRK people new successes in building their country, in maintaining peace and stability on the Korean peninsula, and in striving for the great cause of the motherland's independence and peaceful reunification.

Hyon Chun-kuk conveyed Comrade Kim Chong-il's warm regards to Jiang Zemin, Deng Xiaoping, and other Chinese comrades; and thanked, on behalf of the WPK, the CPC and the Chinese people for sharing the DPRK people's grief in the days following President Kim Il-song's death. He said: "Currently the DPRK people are determined to carry out the great leader's behests and go all out to plunge into the great struggle for socialist construction." Discussing the DPRK-Chinese ties, Hyon Chon-kuk said: "We set great store by the friendship between the DPRK and China. It is our steadfast policy to strengthen the friendship between the two parties and the peoples of the two countries."

In the meeting, Hu Jintao asked Hyon Chon-kuk to convey, after returning home, warm regards from General Secretary Jiang Zemin, other Chinese party and government leaders, and he himself to Comrade Kim Chong-il.

Li Shuzheng, director of the International Liaison Department of the CPC Central Committee, and DPRK Ambassador to China Chu Chang-chun were present at the meeting.

Hyon Chun-kuk, who was the DPRK ambassador to China from 1967 to 1977, arrived in Beijing on 2 December at the invitation of the International Liaison Department. On 3 December he had a working-level meeting with, and attended a dinner given by Li

Shuzheng. On 5 December, Li Shuzheng accompanied the DPRK visitors to Tianjin. They departed Beijing for home this afternoon.

Li Lanqing Meets Mongolian Minister

OW0712123094 Beijing XINHUA in English 1054
GMT 7 Dec 94

[FBIS Transcribed Text] Beijing, December 7 (XINHUA)—Chinese Vice-Premier Li Lanqing exchanged views on Sino-Mongolian trade and economic cooperation with Tsebegmidiy Tsogt, Mongolian minister of trade and industry, during a meeting here today.

Before the meeting, Wu Yi, Chinese minister of foreign trade and economic cooperation, and the Mongolian minister signed a summary of talks on bilateral trade.

Tsogt and his party, who arrived here on Monday as Wu's guests, are also scheduled to visit Shanghai and Suzhou.

Near East & South Asia

Qian Qichen Meets Iraq's al-Sahhaf on 'War' Issues

OW0812154694 Beijing XINHUA in English 1526
GMT 8 Dec 94

[FBIS Transcribed Text] Beijing, December 8 (XINHUA)—China holds that problems left over by the Gulf war should be settled properly through full implementation of relevant UN Security Council resolutions, a senior Chinese official stated here today.

Chinese vice-premier and Foreign Minister Qian Qichen made this remark while meeting with Foreign Minister Muhammad Sa'id al-Sahhaf, a special envoy of the Iraqi Government.

During the meeting, al-Sahhaf briefed Qian on the co-operation between Iraq and the UN. He said he hoped that the UN would gradually lift the sanctions imposed on Iraq, and expressed Iraq's willingness to co-operate with the UN Security Council in dealing with the pending problems.

Qian said that China has followed closely with the situation in the Gulf region.

China holds that problems left over by the Gulf war, including the removal of sanctions on Iraq, should be settled properly through full implementation of relevant UN Security Council resolutions in order to achieve regional peace and stability and to provide a favorable external environment for economic development in the region.

Iraq recently acknowledged Kuwait's sovereignty and the boundary line between the two countries delimited by the UN, Qian noted, saying that the move, which has

won sympathy from and been welcomed by the international community, was a big step taken by Iraq toward a full implementation of the UN Security Council resolutions.

China hopes that Iraq will continue its co-operation with the UN and take concrete steps to create more favorable conditions for the removal of the sanctions, Qian said.

He reiterated that China supports all efforts toward an early and peaceful settlement of the problems left over by the Gulf war.

Qian and al-Sahhaf also exchanged views on bilateral relations.

al-Sahhaf arrived here today on a working visit to China.

Political & Social**New Party Secretaries for Hubei, Shaanxi Announced**

*OW0912090294 Beijing XINHUA in English 0822
GMT 9 Dec 94*

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—The Central Committee of the Communist Party of China (CPC) announced today changes of the secretaries of the CPC provincial committees of central China's Hubei and northwest China's Shaanxi Provinces.

Jie Zhijie, governor of Hubei Province, is to assume the post of party secretary of Hubei. Guan Guangfu will no longer hold the post of party secretary.

An Qiyuan, a member of the Standing Committee of the CPC Central Commission for Discipline Inspection, has been appointed party secretary of Shaanxi Province. Zhang Boxing will no longer hold the post of party secretary.

Beijing Publishes 'Who's Who' of Current Leaders

*OW0912065594 Beijing XINHUA in English 0642
GMT 9 Dec 94*

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—An English-Chinese version of *Who's Who in China—Current Leaders* was published Thursday [8 December] in Beijing.

The book, which was compiled and published by the foreign languages press, contains the names and photographs of more than 2,121 senior Chinese leaders of the Communist Party of China, the Chinese Government, and the Army, up to the end of June of this year.

In another development, after 10 years' efforts, the publishing house also came out with an English edition of *Romance of the Three Kingdoms*, one of the country's four most famous literary classics. A TV play on the classic is now being broadcast nationwide in the evening by the central television station (CCTV).

The foreign languages press has already published English editions of the other three literary classics—*A Dream of Red Mansions*, *Outlaws of the Marsh* and *Journey to the West*.

Dissidents Sign Protest Letter on Wang Dan

HK0912065694 Hong Kong SOUTH CHINA MORNING POST in English 9 Dec 94 p 11

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] Twenty-two of China's most prominent and respected dissidents have regrouped for the first time since March to press the authorities to stop harassing former student leader Wang Dan. The group,

led by science historian Xu Liangying, released an open letter yesterday also calling on Chinese citizens and foreign observers to increase their monitoring of China's human rights record.

Sources in the Chinese dissident community said it was an act of defiance by Mr Xu, known as "China's conscience", and other avant-garde intellectuals. They said while the letter was specifically aimed at police harassment of Mr Wang, it had the purpose of 'calling the world's attention to what Mr Xu called the general deterioration of human rights in China.'

Signatories to the appeal, which was not just meant for the Chinese Government but also the public, included Ding Zilin, Bao Zunxin, Wang Laili, Liu Nianchun, Lin Mo, and Ma Shaofang.

Mr Xu, who organised the campaign, said at his home yesterday that they expected the movement to grow as more friends of Mr Wang and other pro-democracy elements nationwide signed up.

On Monday, Mr Wang filed a suit against the Beijing Public Security Bureau (PSB), alleging violation of his citizen's rights. Two days later, Mr Wang, now a freelance writer said plain-clothes officers followed him into a library and threatened to beat him to death.

The letter expressed "shock and outrage" over the PSB methods. "We hope the authorities will immediately stop threatening Wang Dan's individual safety and liberty," it said. "We also hope people interested in human rights here and abroad will closely monitor this affair."

In a telephone interview Mr Xu said that the human rights situation, which had seen some improvement in 1993, had markedly deteriorated this year.

After Mr Xu, Ms Ding and five other intellectuals petitioned the leadership in March for improvements in human rights, they were subjected to tight surveillance. Mr Xu said yesterday while the surveillance had decreased in the summer, plain-clothes policemen were stationed at his home during the recent visit of the Canadian Prime Minister.

Ms Ding, a respected professor, left Beijing for the south recently in an effort to shake off alleged police harassment. On her return PSB agents resumed their surveillance of her.

Police Step Up Dissident Surveillance

HK0912075494 Hong Kong HONGKONG STANDARD in English 9 Dec 94 p 7

[By Amy Liu]

[FBIS Transcribed Text] Despite protests at home and abroad over the Chinese authorities' alleged harassment of dissident Wang Dan, police officers have been stationed outside the homes of three other leading dissidents. Aside from Mr Wang, whose case has caught

international attention, Chen Ziming, Ding Zilin, and Xu Wenli are now under close police surveillance in Beijing, according to sources.

Ms Ding, 58, a philosophy lecturer at the People's University of China, told *The Hongkong Standard* she was followed again by the police yesterday, the 13th time this year. "Three policemen, deployed outside my home, followed me to the market yesterday," she said.

She had taken two months rest in eastern Jiangsu Province to avoid harassment after she complained of being "kidnapped" by Beijing police last September.

Mr Chen was released on medical parole after serving five years of a 13-year sentence he received for being involved in the 1989 democracy movement.

Mr Xu, 49, who was a leader of the 1979 Democracy Wall movement in Beijing, was released on parole in May 1993 after serving 12 years of a 15-year sentence.

Meanwhile, 22 prominent Chinese intellectuals and dissidents appealed to the authorities to stop the harassment of former student dissident leader Mr Wang.

An open letter—signed by intellectuals such as Xu Liangying, Wang Laili and Ding Zilin and dissidents Liu Nianchun, Ma Shaofang and Ma Shaohua—called on the international community to take up Mr Wang's case. "These actions have seriously threatened Wang Dan's individual safety and constitute an extremely brutal violation of human rights," the open letter said.

It expressed "shock and outrage" over the police methods and called on the authorities to intervene. "We also hope that everyone interested in human rights here and abroad will pay attention to this affair," it said.

Professor Xu, 75, a veteran defender of individual rights and a former lecturer at the China Science Academy, said that he had organised the letter.

Human Rights in China, a United States-based watchdog group, blasted Chinese police yesterday for the round-the-clock surveillance on Mr Wang and pledged its full support for Mr Wang's court action against the police.

Amnesty Reports 1992 'Crackdown' on Protestant Sect

HK0912042994 Hong Kong AFP in English 0346 GMT
9 Dec 94

[FBIS Transcribed Text] Beijing, Dec 9 (AFP)—At least 31 members of a Chinese Protestant sect are serving prison terms of up to 12 years, with 18 female detainees subjected to "cruel and degrading treatment," Amnesty International said Friday.

The international human rights group said that new information revealed the extent of the crackdown on northeastern Shandong province's Jesus Family since 1992.

Police, reportedly alarmed by the growing size of the Duoyigou village sect's congregation, raided its monthly meeting in June 1992 and, said the Amnesty statement, arrested more than 60 members.

Many of the 31 still known to be detained are women, "18 of whom have been subjected to cruel and degrading treatment while in police custody," it said, calling for a full investigation into these allegations.

Community leader Zheng Yunsu, in his 60s, is serving a 12-year term in prison, while his four sons, Zheng Jipin, Zheng Jike, Zheng Jie and Zheng Yiyoung, received sentences of between five and nine years.

Other members received three-year administrative terms under the "reeducation through labour" system that permits detention for this period without charge or trial.

Amnesty also urged the authorities to look into the circumstances of police raids on the community in June 1992, saying "a large part of the village was demolished or damaged and a large amount of property confiscated."

According to Human Rights Watch/Asia, the authorities have acknowledged razing the sect's church but denied confiscating furniture, cobbler's tools and long-haired rabbits raised by the group.

The Jesus Family, an indigenous Chinese Christian movement proscribing private property and advocating communal living, originated in China in the 1920s.

The sect, which maintains no foreign ties, began to revive slowly in the late 1970s after all but disappearing during the Cultural Revolution.

In 1992, the Duoyigou branch boasted some 3,000 members, according to Human Rights Watch/Asia.

Government Revamps Household Registration System

HK0812060694 Hong Kong SOUTH CHINA MORNING POST in English 8 Dec 94 p 13

[By Cheung Po-Ling]

[FBIS Transcribed Text] The mobility of Chinese urban residents will be substantially enhanced next year as part of the nationwide drive to revamp the outdated household registration system. The new policy, which comes into effect in January, aims to ease the restrictions for job seekers in cities, according to sources in Beijing.

City dwellers, who swarmed from inland to the richer coastal regions, will be able to apply for jobs and rights of residency by presenting their identity cards to the authorities. In the past, they were required to return to the place where they registered their household to file the application. Such controls have imposed strict limitations for 40 years on where people could live and work. The same set of measures would apply to people who wanted to study in other provinces, sources said.

Analysts said the new measures would facilitate the inter-regional and inter-provincial flow of urban workers which has accelerated since China began its economic reforms. For instance, more than 50,000 professionals last year migrated from various parts of China to Zhuhai, in Guangdong.

In the next step the Chinese authorities will abolish the distinction between agricultural and non-agricultural populations, which is rigidly drawn under the old household registration system. Analysts said scrapping the distinction would encourage farmers to enter small towns to engage in various kinds of business, and would promote the development of small towns. China has been dividing its populations into agricultural and non-agricultural since the 1950s to control the population growth in big cities. People registered as members of the agricultural population could not get grain and non-staple food rations. Neither could they be given housing and jobs in urban areas. However, many rural people have become workers in industrial and service enterprises in nearby towns as a result of economic reforms.

Meanwhile, a senior Chinese official said yesterday rural enterprises would enjoy the same benefits as the state enterprises in order to promote their competitiveness in international business. A dispatch from the China News Service said under the new policy, banks will offer loans to export-oriented rural enterprises with interest rates the same as those offered to state enterprises. Rural enterprises will be able to import, tax-free, equipment and technology for their modernisation. Like state enterprises, rural enterprises can import raw materials and spare parts for production without an official import permit. The country has more than 20 million rural industrial enterprises among more than 19 million villages.

Antique Precautions Under Discussion

*OW0912081794 Beijing XINHUA in English 0739
GMT 9 Dec 94*

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—A comprehensive anti-natural disaster plan of China is currently under discussion, and precautionary measures for future earthquakes will go into operation next year, according to a senior official with the country's top seismological administration.

Prof. Chen Zhangli, deputy general director of the State Seismological Bureau, said that the plan will reflect the central government's strategy of focusing on an effective reduction of earthquake calamities in economically booming and densely-populated eastern areas.

The plan is also expected to emphasize not only alleviating seismic disasters in central China, which is dotted with a number of giant agricultural bases, but also ensuring the security of key projects and cities in the vast western region, said Chen.

Moreover, the plan stipulates that basic living conditions and facilities in the west should be well-protected in case an earthquake happens there suddenly, the deputy general director said.

Some local anti-quake plans have already been mapped out in 75 affluent coastal cities, including Beijing, Shanghai, Guangzhou, Zhuhai and Shenzhen, and in some inland cities, like Zhengzhou in central China and Xian in the west.

A report recently released by Chen's bureau said that in ten years all the country's large and medium-sized cities and economically booming areas will be well prepared to withstand earthquakes around six on the Richter Scale.

Earthquake experts here said that China is believed to be entering the fifth seismological period of activity in this century, which will not end until around the year 2,000. It is therefore urgent that China improve its comprehensive anti-quake capability as soon as possible.

The last active period, which spanned a decade from the year 1966 to 1976, featured 14 quakes of a magnitude of seven-plus and resulted in 270,000 deaths and tens of billions of yuan worth of economic losses.

Song Jian, a State Councillor, recently urged governments at all levels to list anti-earthquake programs among the local economic and social development timetables.

He further called for a large improvement of domestic quake-monitoring facilities and telecommunications networks, aimed at achieving timeliness and precision in the country's earthquake forecasts.

Governments at all levels will further extend the scope of increasing public awareness of disaster reduction, as well as conducting earthquake safety evaluations of architecture and strengthening supervision of construction quality, according to Song.

Commonly regarded as a major responsibility of governments, the calamity-reduction system and its operation is also a key to measuring a society's civilization and a government's efficiency, according to Song.

Science & Technology

Hu Jintao: Top Importance For Science, Technology

*OW0812135094 Beijing XINHUA in English 1332
GMT 8 Dec 94*

[FBIS Transcribed Text] Beijing, December 8 (XINHUA)—Hu Jintao, a top leader of the Chinese Communist Party, today stressed the need to attach the utmost importance to the development of science and technology and to bring the role of intellectuals into full play.

Meeting with experts attending an ideological training course here, Hu, a Standing Committee member of the

Political Bureau of the party Central Committee, called on Chinese intellectuals, particularly party members, to make still greater contributions to China's reform, opening up and modernization drive.

He also asked them to conscientiously study Deng Xiaoping's theory of building socialism with Chinese characteristics, solidify their belief in socialism, form a correct outlook on life and correct concept of value, and scale new heights of science and technology.

"Competition as regards comprehensive national strength based on economy, science and technology is becoming increasingly fierce in the world today," said Hu, who is also a member of the Secretariat of the party Central Committee.

"China is now facing great and arduous tasks in its reform and economic construction," he told the experts attending the course sponsored by the Organization Department of the party Central Committee.

To enable China to achieve rapid and sound economic growth, take up a favorable position in the world and promote overall social progress in the country, it is imperative to pay closer attention to the development of science and technology and give full scope to the role of intellectuals, the leader noted.

According to Hu, since China initiated the policy of reform and opening up in 1979, Deng Xiaoping has been cherishing the development of science and technology in China and the training of intellectuals.

Deng has emphasized time and again the importance of advancing towards the modernization of China's science and technology, and the training of large numbers of first-rate scientists and engineers.

Deng Xiaoping also stressed that China must take up its due position in the world in the area of advanced science and technology.

Hu said that party committees and governments at all levels must conscientiously study and implement these instructions of Deng Xiaoping to the letter.

Party and government leaders at all levels must take effective measures to help intellectuals solve new problems in their work, he said.

"We must go to the forefront of research and teaching for investigation, make friends with intellectuals, solicit their opinions and suggestions, and enthusiastically help them overcome difficulties," he added.

Attending the two-week course, which closed here today, were 24 party-member experts from Beijing, Tianjin and 14 central departments.

More Nuclear Power Plants Planned for Coastal Areas

OW0912112394 Beijing XINHUA in English 1029
GMT 9 Dec 94

[FBIS Transcribed Text] Shanghai, December 9 (XINHUA)—Coastal Liaoning, Zhejiang and Guangdong Provinces will develop into key production bases of nuclear power energy.

At present, construction of the second phase of Zhejiang's Qinshan Nuclear Power Plant with four 600,000-kilowatt generating units is proceeding smoothly; preparations are well under way for building the second phase of the Daya Bay Nuclear Power Plant with two one-million-kilowatt generating units and a nuclear power plant with two one-million-kilowatt generating units near Dalian city, one of China's 14 open coastal cities in Liaoning Province.

It is expected that China's gross nuclear power installing capacity will expand from the present 2.1 million kilowatts to 11.3 million kilowatts.

Dr. Ouyang Yu, chief designer of the Qinshan Nuclear Power Plant and an academician of the Chinese Academy of Sciences predicted that nuclear power will be the main energy in the world in the next century.

The first phase of the Daya Bay Nuclear Power Plant with two 900,000-kilowatt generating units and the first phase of the Qinshan Nuclear Power Plant with a 300,000-kilowatt generating unit have gone into operation.

According to Dr. Ouyang Yu, the world's 40-year experience in the nuclear power development shows that the safety of nuclear power plants will be guaranteed so long as all employees of the plants follow the international safety conventions.

At present, China's nuclear power generating capacity amounts to 2.1 million kilowatts, accounting for more than one percent of the country's total power generating capacity.

Preparations for Satellite Launch Recounted

HK0912041094 Beijing JIEFANGJUN BAO in Chinese
2 Dec 94 p 2

["Special feature" by Liu Linzong (0491 2651 1350), Meng Lingjun (1322 0109 6511), and staff reporter Fan Juwei (5400 3515 3555): "Eight-Year Intense Preparations—On the Launch of the 'Dongfanghong No. 3' Satellite"]

[FBIS Translated Text] The small hours of 30 November were another glorious day worth recording in China's astronautic history: A "Long March 3A" large-propellant rocket developed by our country put into space the "Dongfanghong No. 3"—our country's self-developed

new-generation broadcasting and communications satellite, thus once again fulfilling the great trust placed in astronautic workers by history.

The quaking thunder that sounded at the lift-off of the "Long March 3A" told people of the arduous course of astronautic workers' intense eight-year preparations for the launch.

Astronautic Workers Must Fulfill This Dream

In the spring of 1984, at a time when the Chinese-made "Long March 3" rocket put the first Chinese communications satellite into geosynchronous orbit, astute Chinese rocket-developers already had sensed the hidden crisis behind such brilliance.

At that time, the French "Ariane 3" rocket's carrier-capacity had reached 2.5 tonnes, the U.S. "Titan 4" and the former Soviet Union's "Proton" [zhi zi hao 6347 1311 5714] rockets had an even greater carrier capacity, and the Japanese claimed that the carrier-capacity of their H-II rocket on geosynchronous orbit would reach 4 tonnes.

As international satellite manufacturers are optimistic about high-orbit and large-capacity communications satellites, there was a need for high-orbit and large carrier-capacity rockets. However, as the "Long March" rocket's carrier capacity was merely 1.4 tonnes, "we also must develop a rocket with a large carrier capacity!" So Chinese astronautic workers strengthened their aspirations and were determined to fulfill this dream.

In February 1986, the Ministry of Astronautics submitted to the State Council a report on accelerating the development of astronautic technology, and won its approval. In May, the work of developing the "Long March 3A" rocket was fully started.

Rocket developers had to surmount numerous obstacles before they could raise a rocket's high-orbit carrier-capacity from 1.4 tonnes to 2.5 tonnes!

Regarding the development of a high-speed, low-temperature hydrogen-powered engine, it was a new technology that was unprecedented both inside and outside the country.

Hydrogen testing is very dangerous because of its susceptibility to ignition and explosion. For the sake of ventilation, personnel conducting the experiments erected a makeshift shack and let the roof open. In the following five years, they went through chilly, scorching, mosquito-biting days before the hydrogen-powered engine was successfully developed!

Among the four key technologies for the "Long March 3A" rocket, the development of a power motor was the most difficult one, with the greatest workload. It required a light-weight design with great thrust generated by consumption unit propellant and with high reliability, thus setting up an awkward formula for the developers.

Wang Heng, deputy chief engineer of the "Long March 3A" who was in charge of motor development, and his colleagues finally set a new record in the history of motor development: A motor assembled once ran six working cycles and started 12 times in a row, but nothing went wrong after disassembling it. Hence, the "Long March 3A" rocket's grade-three motor has become the motor in our country which requires the least testing time, uses the smallest number of motor stands, and has the highest degree of reliability before launch.

Just as with surmounting motor problems, astronautic workers in China made successive breakthroughs in 100 key new and high technologies, and in the end, accurately put into geosynchronous transfer orbit the "Practice [shi jian 1395 6432] No. 4" satellite and a simulated satellite.

Astronautic workers have fulfilled their eight-year dream!

Final Call for Decisive Move

The prelude to the decisive move of launching the "Dongfanghong No. 3" satellite came in late September 1994, when a special train carrying the "Long March 3A" rocket and the testing team arrived in the satellite town in Xichang.

This was really a fate-sealing move. The service life of the "Dongfanghong No. 2" satellite launched several years ago was about to end.

According to the instructions given by State Council Premier Li Peng and General Liu Huaqing, vice chairman of the Central Military Commission, the work must be done in a thorough and meticulous way so as to ensure a successful launch.

The pipeline of a certain segment of the "Long March 3A" is a key part. Although many rounds of inspection had been conducted, people still worried about whether or not there were some flaws in the weld. Efforts had to be made to ensure that it was perfectly safe! Therefore, under the scrutiny of veteran astronautic experts, an intense struggle was launched on several fronts simultaneously.

An emergency meeting was called by the group of designers. Since X-rays could not be used to detect flaws in the weld, and it was very risky to disassemble it on the spot for examination, several suggestions were rejected. Finally, with the chief engineer's approval, they decided to inspect the weld by smearing more leak-proof agent on it.

At 0100, Huang Ruisheng, head of the Shanghai Astronautic Bureau's No. 801 testing group, called an emergency meeting with designers concerned to make arrangements for testing. Although it was very inconvenient to smear leak-proof agent on the weld, the experimenters, who wore only shirts despite the cold weather, repeatedly smeared it on and smoothly fulfilled the task at last.

In Beijing, sight-glass examiners appointed by the General Rocket Assembly Plant rushed to a launching site, and once arriving at the destination, went straight to the technological mill to conscientiously examine the segment on which leak-proof agent had been smeared, and it showed that the results were good, thus ensuring that the rocket would be fit for launching on schedule.

On 13 October, two fuel-carrying rail tankers suddenly leaked when they were in the process of refueling, and it was necessary to fix the problem on the spot, but it would be very risky to do so. As the workshop was narrow, yet more and more liquid hydrogen was leaking, even a little static electricity discharged from workers' bodies would cause the two tankers fully filled with liquid hydrogen to explode, and the consequences would be too ghastly to contemplate. At that moment, Wu Peng, a newly wedded operator, courageously took the initiative, along with another soldier, in fixing the problem.

It was only after dealing with the emergency for three days and nights, and passing a pressure test, that people could set their hearts at rest.

In early November, the final round of air-tight examination of the rocket's grade-three motor was conducted. Xu Yuwei, senior engineer in charge of the assembly of the motor, proposed and insisted on examining a joint on which a check was not required and on which measures of improvement had been taken, because his intuition formed in work made him feel anxious. Consequently, he actually discovered a hidden danger to quality, and averted a leakage incident that might have affected the launch.

It is precisely these ordinary hands that made a success of this launch, of which people in the East are proud.

Dash With No End

In June 1985, China made an announcement to the world: China's Long March-series carrier rockets would enter the international market, and would contract with other countries to launch satellites on their behalf.

While delivering a speech at the 23d Scientific and Technological Sub-Committee in February 1986, the Chinese delegate to the UN Space Commission stressed that China was willing to put the Long March-series rockets on the international market, and to make contributions to the development of international space cooperation and to the development and utilization of space. In October of the same year, Deng Xiaoping and Zhang Aiping said when receiving U.S. Defense Secretary Weinburger that it was necessary to realize the work of external launching.

In reviewing the existing circumstances, Long Lehao, chief designer and director of the "Long March 3A" rocket, said with a sigh: "The 'Long March 3A' rocket was invented at a turning point in our country's astronomic undertakings, which played a historical role in furthering our country's astronomic undertakings." He

also said: The "Long March 3A" is merely a new starting point. In the near future, we will launch the world's biggest and heaviest satellite.

A U.S. journal pointed out this year: "At a time when Japan has successfully tested the H-II heavy-duty rocket, China also is ready to introduce a series of new carrier rockets from this year, including the 'Long March 3A,' the 'Long March 3B'.... These noticeable moves will be of great significance to its future international commercial astronomic business."

Yes, at a time when the "Long March 3A," with the "Dongfanghong No. 3" aboard, is travelling through space, Chinese astronomic workers, who have never flinched from dangers and difficulties, and Chinese rocket developers, who are never content with things as they are, already have contemplated a new dash.

Military

People's Armed Forces Regularizes Cadre Training

HK0812062194 Beijing JIEFANGJUN BAO in Chinese
19 Nov 94 p 1

[By special correspondent Kong Dehong (1313 1795 1347) and reporter Liu Yushu (0491 3768 2579): "China's Training of People's Armed Forces Cadres Becomes Increasingly Regular"]

[FBIS Translated Text] Commensurate with the building of national defense reserve forces in the new period, China's People's Armed Forces cadre training system has been increasingly improved. A few day ago, these reporters learned from a relevant department that 21 provinces, municipalities, and autonomous regions had set up People's Armed Forces schools and given serial training to 2,300 cadres one after another and training in rotation to approximately 4,000 cadres.

Running people's armed forces schools is an important way to resolve the issue of the source of People's Armed Forces cadres as well as an important step toward improving the quality of the contingent of People's Armed Forces cadres as a whole in the new situation so as to meet the needs of modern war.

These reporters visited the Jiangsu Provincial People's Armed Forces School a few days ago to do research. This full-time, two-year-term professional secondary school, which is under the jurisdiction of the provincial government as a local institutional organization, is managed by the provincial military district under a mandate from the provincial government. Apart from assuming the task of training in rotation People's Armed Forces cadres at their posts throughout the province and cadres on active duty with the units under the provincial military district, the main task of the school is to train People's Armed Forces cadres and full-time armed [zhuan wu 1413 2976] cadres who have relatively high military, political, and

cultural quality and professional knowledge about armed forces work, for counties (cities and districts), townships, and towns. The school's student enrollment and job assignment after graduation are being brought into line with the state plan and students should take national admission examinations for enrollment. They should be graduating high school students, outstanding demobilized soldiers under the age 25 who have the same education level as high school graduates, and recruited full-time armed cadres and militia cadres. After graduation, they will be assigned to work in the grass-roots units as armed cadres. It has been learned that the country's 21 People's Armed Forces schools are roughly the same as the Jiangsu Provincial People's Armed Forces School in terms of the purpose and nature of running schools, training targets, and subject of specialization. A comrade of the relevant department said: People's Armed Forces schools are "paramilitary colleges and schools." They execute military rules and regulations, and their students live a military life. Compared with training units, People's Armed Forces schools are a notch higher in such areas as teaching period, curriculum, contingent of teachers, and teaching equipment.

Party committees and governments at all levels in various localities attach great importance to and have given full support to the running of the People's Armed Forces schools. Party and government leaders of some provinces and cities went to People's Armed Forces schools many times to inspect and direct work, helped the schools sum up their experiences in administration, and ensured their outlays in a selective way.

Economic & Agricultural

Chen Jinhua Calls Inflation 'Serious'

*HK0912101994 Hong Kong WEN WEI PO in Chinese
29 Nov 94 p A2*

[Dispatch from Beijing by staff reporters Liu Yung-pi (0491 3057 4310), He Liang-liang (0149 0081 0081), and Yang Fan (2799 1581); "Chen Jinhua Analyzed Inflation in China, and Expected That It Could Be Curbed Next Year"]

[FBIS Translated Text] Beijing, 28 Nov (WEN WEI PO)—Chen Jinhua, minister of the State Planning Commission in China, pointed out when meeting reporters recently in Beijing that, China is facing a constant increase in prices, and inflation is serious. But he also stressed that he was not pessimistic about solving the inflation problem, and that China has the conditions and ability to bring the excessively high inflation rate down next year.

Chen Jinhua, as the most senior official in charge of the planning department in China, has thorough knowledge of the overall situation and trends of the current economy in China, as well as China's economic achievements and problems. He said that three main problems

exist in China's economy, first, inflation; second, agriculture; and third, some state enterprises have poor economic returns. Chen Jinhua pointed out that since this year, the whole country has been witnessing a two-digit inflation rate, and that from January to October, the general level of retail prices in the whole country increased by 21.3 percent over the same period of last year. According to Chen Jinhua's analysis, there are three main contributory factors to the high inflation rate: First, structural adjustment of prices, and since this year, the purchasing price of crude oil, grain, and cotton have all gone up, to reflect values, and this is an unavoidable and inevitable way of market economy; second, in recent years, investment in fixed assets and growth of the consumption fund have increased too rapidly, and the issuance of more banknotes have led to the increase in needs and costs, thus bringing about inflation; third, in recent years, some localities have neglected agriculture, at present, 60 percent of the influence on the increase in the general level of prices come from the increase in food prices, including meat, grain, poultry, eggs, and vegetables.

Chen Jinhua stressed that China does not face a shortage of grain or a shortage of consumer goods at this time, and the Chinese Government attaches great importance to curbing inflation, therefore China does not have the runaway inflation resembling that of Latin America in the 1970's, or that of Russia in recent years, furthermore, the central authorities will spare no effort to control inflation next year. He disclosed that next year, the key task of macro regulation and control by the central authorities will be checking inflation, and more forceful measures in many areas will be taken: Prevent social demand from growing too rapidly; vigorously strengthen agriculture and grasp the "shopping basket" project in cities; deepen the reform of the circulation system; expedite the building of market regulations; and perfect price supervision and management.

Finance Ministry To Set Up Local Supervisory Body

*OW0912092394 Beijing XINHUA in English 0909
GMT 9 Dec 94*

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—The Chinese Ministry of Finance is to set up special agencies across the country in order to strengthen central macro-control over finance.

Starting from January 1, 1995, such agencies with representatives from the ministry will begin work in all the provinces, autonomous regions, and municipalities except for Tibet, according to officials with the ministry.

The main task of the agencies is to carry out on-the-spot supervision of the share of revenues submitted by localities and enterprises directly under the central government, and the use of centrally budgeted funds.

The agencies, under the direct leadership of the ministry, are also to guard the safety of state properties in enterprises directly under the central government and of government institutions.

The ministry has had special agencies stationed in locales since 1986, but their mission has been to monitor the account books of large enterprises and they are responsible to local financial departments only.

During the past eight years, these agencies have uncovered violations of accounting and tax laws and regulations, involving 30 billion yuan, and have helped the central treasury recover more than 11 billion yuan.

Leading Group Gives Briefing on Economic Situation

OW0912025394 Beijing XINHUA Domestic Service in Chinese 1148 GMT 7 Dec 94

[By reporter Li Anding (2621 1344 1353)]

[FBIS Translated Text] Beijing, 7 Dec (XINHUA)—Zeng Peian, deputy secretary general of the Central Financial and Economic Leading Group and concurrently head of its office, said today: The recently concluded central economic work conference was of extremely great significance as it unified the understanding of the current economic situation in various quarters, identified several important issues that must be correctly handled in economic work, and made comprehensive plans for next year's reform and development. We should earnestly study the conference's guidelines to gain a profound and full understanding of them, and conscientiously adapt our thinking and actions to central policy decisions and demands.

Zeng Peian delivered a report entitled "The Current Economic Situation and the Main Tasks for Next Year" during a briefing jointly held by the CPC Central Committee's Propaganda Department, Work Committee for Party Organs, and Work Committee for Government Organs; the Chinese People's Liberation Army's General Political Department; and the Beijing Municipal CPC Committee today. The report was divided into three sections:

1. The overall economic situation has been favorable since the beginning of this year. We must fully assess our achievements. The key indicators of the favorable economic situation are: New steps being taken in reform that aim to establish a socialist market economic system; continued favorable momentum in opening up to the outside world, with development toward more extensive and intensive opening up at higher levels; more achievements in macroeconomic regulation and control, and sustained and rapid national economic growth; and the all-around development of science and technology, education, and other endeavors, and further improvement of the lives of urban and rural residents. These new achievements have basically resulted from adherence to the guidance of Comrade Deng Xiaoping's theory on

building socialism with Chinese characteristics and the party's basic line in the course of reform and development; from the formulation by central authorities early this year of the important policy decision regarding the correct understanding of the general requirements for work throughout the party and country, and from their correct handling of the relationship between reform, development, and stability; from the tightening and improvement of state macroeconomic regulation and control in conjunction with deeper reform; and from joint efforts by people in all quarters, both in leadership positions and among the rank and file.

2. Excessive price increases and serious inflation are glaring problems in the course of advancement, and we must correctly understand and approach them. We should not be unduly alarmed at inflation, nor should we treat it lightly. We should neither panic nor lower our guard. The central authorities have set the task of controlling price increases and reining in inflation as a major event in next year's economic work, the first order of business in macroeconomic regulation and control, and the key to correctly handling the relationship between reform, development, and stability. They have taken—and continue to take—effective measures in this regard, giving rise to the certain prospect of bringing down excessive price increases.

3. Now that the guidelines and key tasks for next year's economic work have been determined, we must fully understand and master them. The key tasks are: Continuing to tighten and improve macroeconomic readjustment [as received] to control inflation and maintain the favorable momentum in national economic development; promoting various supplementary reforms, based primarily on deepening reform in state-owned enterprises, to improve the macroeconomic management system; increasing input in agriculture to ensure the supply of agricultural and sideline products and to bring about all-around development and prosperity in the rural economy; and stepping up restructuring, strengthening management, and promoting technological progress to improve overall economic quality and efficiency. The centrally determined guidelines and key tasks for next year's economic work have distinctive features. First, they have the overall situation in mind and keep track of its development. They stress the need to continue making "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability" the overall requirements for work throughout the party and country, urging people in all quarters to earnestly implement this major guiding principle of general significance. Second, they are rooted in reality and seek truth from facts. They fully embody the spirit of correctly handling the relationship between reform, development, and stability, and underscore the need to correctly handle the relationship between seeking economic growth and controlling the general price level. Besides calling for making full use of various resources to promote sustained, rapid, and healthy economic development, they also call for making proper

arrangements for various tasks pertaining to reform and development so that the unduly high [guo gao 6665 7559] inflation rates will be gradually brought down. Third, they give prominence to key issues and are clearly focused. They set general demands for reform and development while, at the same time, stressing priority tasks. The emphasis is on properly carrying out reform in state-owned enterprises, on strengthening the status of agriculture as the foundation of the national economy, and on improving the quality and efficiency of economic growth. As long as we gain a profound and correct understanding of the centrally determined guidelines and key tasks, we can definitely keep advancing the drive for reform and opening up to achieve sustained, rapid, and healthy national economic development.

'Economic Commentary' on Need To Curb Inflation

HK0912112094 Beijing RENMIN RIBAO in Chinese 7 Dec 94 p 1

[“Economic Commentary” by staff reporter Li Kefu (2621 0344 1133): “Use Various Means To Curb Inflation”]

[FBIS Translated Text] Economic practice in many countries shows that rapid economic development is unavoidably accompanied by a certain degree of inflation. However, this does not mean that “inflation is harmless” or “inflation is conducive to development.” Two consecutive years of relatively high commodity price rises in China has already become a focus of concern in various social sectors. The recent central economic work conference has explicitly put forward that we must resolutely curb inflation and regard curbing market prices and curbing inflation as the key to correctly handling the relationship between reform, development, and stability.

With the gradual progress of economic reform at a deeper level in China, the problem of inflation arises from time to time. According to figures published by the State Statistics Bureau, residents' consumption prices and commodity retail prices across the country from January to September were 23.3 percent and 20.9 percent over the same period last year. Besides, according to a circular from the State Administration of Industry and Commerce, prices of 40 commodities in urban trade fairs have recently risen by a relatively big margin, with the exception of duck's eggs and ginger. This has gone far beyond the central government's planned target of keeping the growth rate of commodity prices within a certain range. To control excessive economic growth, the Chinese Government has adopted a series of macroregulation and control measures since the beginning of last year. Why is it that commodity prices are still at a high level? There many causes of this: Investment in fixed assets has been excessive over the past few years. Although the controlling measures taken have lowered it by 20 percentage points, the “swelling” has not completely “subsided” yet. Part of the investment in fixed

assets has been changed into consumption funds, and this has led to consumption demand inflation. The excessive issuance of currency over the past few years has produced a lagging effect. Demand for agricultural and sideline produce has increased in recent years, but the effective supply from some localities is insufficient. Market rules are not sound and deception and profiteering have disturbed the circulation order, and so on.

Since inflation is caused by many factors, we must approach it from many aspects and use various means to curb it. Serious analyses show that although the problem of inflation is long-standing, greatly intensified inflation occurred only after the price readjustments, and although the irrational production structure, the scissors gap between prices of manufactured goods and agricultural produce prices, and so on are fundamental causes of inflation and will take more time to resolve, quite a few problems have emerged from disorder in the circulation structure and should be grasped firmly at once.

Since the beginning of reform and opening up, China has gradually removed restrictions on commodity prices; the system of government, administration, and management has been shifted to market regulation; and greater efforts have been constantly made in reform. Last year, prices of coal and crude oil were readjusted and restrictions on the prices of rolled steel, cement, grain, edible oil, meat, eggs, and other basic products were removed. This year, restrictions on coal, refined oil, and chemical fertilizer prices have also been removed, while electricity, crude oil, grain, and cotton prices have been raised. Some localities and departments mistook that price reform only “removes restrictions” and overlooked its functions of supervision and control. This phenomenon began to be corrected in March this year. Under the leadership of the State Council, various localities have seriously carried out general price inspections, and, in the face of grim reality, they have carried out earnest discussions and put their train of thought in order on curbing inflation in various aspects and by various means.

In curbing inflation, we must adopt legal means. Even in the most developed capitalist countries, an absolute free price system does not exist. Some provinces in China have formulated and implemented laws and regulations concerning prices policy one after the other. The antiprofiteering regulations promulgated in Shanghai in April this year have been generally acknowledged as an important page with epoch-making significance in the price reform history of China. After that, Beijing, Shaanxi, Zhejiang, Jiangsu, Sichuan, and other localities also promulgated corresponding laws and regulations one after the other. It is learned that the concerned departments in China are seizing the time to formulate a “price law,” “antiprofiteering law,” “antiprice deception law,” “antimonopoly law,” “market transaction law,” and other laws and regulations. Administrative means are also very effective. The experience of Shenzhen in keeping the growth rate of prices below that of the whole country is that it has exercised standardized management of the market; for example, it has exercised control

over the growth rate of meat and vegetables prices and has set wholesale prices and maximum retail prices each day in accordance with information collected that same day. Many industry and commerce management departments in Beijing have also adopted measures to limit the market prices of agricultural and sideline produce each day in order to keep commodity prices stable. Of course, economic means are especially important among the others. The Chinese Government has started to effectively control the scale of credit and readjust the money supply through reform of the financial system, and will readjust in good time interest rates and taxes to stabilize the level of commodity prices. Many provinces and municipalities have set up price regulation and control funds. In case any major fluctuation in market prices occur, they will provide subsidies to producers or managers to regulate and control prices. Besides, in implementing laws and regulations concerning commodity prices, various localities have used economic sanctions to effectively crack down on acts of price deception and seeking staggering profits.

China will continue to use reform to curb inflation and will never return to the old framework of the planned economy. The central economic work conference has put curbing inflation ahead of several questions which we must have a correct understanding of and must grasp in trying to do a good job in economic work next year. This guiding ideology will certainly bring about unity in the will and steps of the whole society, and a new situation will emerge in curbing inflation.

Daily Reports on National Sand-Control Program
OW0912052994 Beijing XINHUA in English 0425
GMT 9 Dec 94

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—China has transformed 2.24 million ha of sandy areas over the past three years, today's PEOPLE'S DAILY [RENMIN RIBAO] reported.

The sand-control program, started in 1991, was included in the plan for the national economy and social development. The State Council and Ministry of Forestry have worked out a series of preferential policies to encourage the move.

During the three-year period, more than 600 diversified economy projects have gone into operation in these sandy areas.

The country now has sandy areas totalling 66.7 million ha.

Xu Youfang, minister with the Ministry of Forests, said that the country will organize still bigger efforts to speed up the program.

State Development Bank Funds in Hebei, Inner Mongolia

HK0812141794 Beijing CHINA DAILY in English 8 Dec 94 p 2

[By Chang Weimin: "Northern Power Plants Win Loan To Expand"]

[FBIS Transcribed Text] The State Development Bank is lending 1.47 billion yuan (\$173 million) to accelerate the expansion of two big power plants in North China to ease an electricity shortage in Beijing.

The bank recently signed loan agreements with three electrical companies for the second-phase construction of the Qinhuangdao Power Plant in Hebei Province and the Fengzhen Power Plant in the Inner Mongolia Autonomous Region.

Loans to support key State projects, especially the construction of infrastructure for transportation, communications and power, are the focus of the bank, which was set up in this March.

The expansion of the two power plants was started in October with nod [as published] of the central government.

Their generating capacity is expected to grow by a total of 1 million kilowatts with new equipments.

The project is being carried out by the North China Power Construction Group Corp, the Qinhuangdao Power Co Ltd and the Fengzhen Power Co Ltd.

The new equipment--two 300,000-kilowatt generators at Qinhuangdao and two 200,000-kilowatt generators at Fengzhen—are expected to go into operation next year.

Beijing's electricity supply will be improved substantially as a result of the expansion, a bank official said.

The Chinese Government attaches great importance to the plants. Bank president Yao Zhenyan, Power Industry Vice-Ministers Zhao Xizheng and Zha Keming, and Beijing municipal officials attended the signing ceremony.

Failures of electricity supply in Beijing are frequent as power generating capacity is at least 300,000 kilowatts short of demand.

And demand for electricity continues to grow as industry expands and urban households sharply increase their use of electric appliances, especially air-conditioners.

Income Tax Evasion Costs State 5.5 Billion Yuan
HK0912101794 Beijing ZHONGGUO XINWEN SHE in English 1407 GMT 8 Dec 94

[FBIS Transcribed Text] Beijing, December 8 (CNS)—According to sources from the China National Taxation Administration, China has, up to now, reaped a personal income tax of RMB [renminbi] 5.5 billion but it is also estimated that the same amount of such tax was evaded and escaped.

At present, personal income tax are mainly collected from the country's eastern cities and those economically developed zones with such a tax collected from Guangdong, Beijing, Shanghai, Zhejiang, Liaoning and Fujian amounting to almost 60 percent of the country's total. As

for the eleven items of taxable personal income tax, collection mainly focuses on three items, namely, taxes on wage, salary and revenue from profits of property or agency fee in conducting enterprises or business. Tax from these three items is as much as 90 percent of the total collected personal income tax.

An official from the Administration summarized the loopholes of the taxation system as inadequate knowledge of the meaning of the personal tax; insufficient punishments for the culprits; lack of adequate control of personal incomes in addition to wages and the monitoring techniques are outdated.

It is known that the Administration has issued a circular to all places to remind them to strengthen their control over tax inspections and to make more efforts to deal with serious tax evasion cases.

Journal on Reform of Construction Bank

HK0912102094 Beijing ZHONGGUO GAIGE in Chinese No 10, 18 Oct 94 pp 9-10

[By Wang Qishan, president of the People's Construction Bank of China: "Deepen Reform, Take Road of Developing Commercial Banks"]

[FBIS Translated Text] It is pointed out explicitly in the "Decision on Several Issues Concerning the Socialist Market Economic Structure" adopted by the Third Plenary Session of the 14th CPC Central Committee: It is necessary to "develop commercial banks. The existing special state banks should be changed gradually into commercial state banks." In line with the requirement set by the State Council that special state banks should sever themselves from policy-related funding operations which they used to undertake and turn themselves into commercial state banks, the People's Construction Bank of China will gradually develop into a state-owned commercial bank which is mainly engaged in medium- and long-term credit operations. This marks the beginning of a new phase for the reform and development of the banking system.

The Construction Bank was founded to meet the needs of the large-scale economic construction of New China. Over the past four decades, the evolution of the Construction Bank has been closely linked with the economic development and structural reforms of New China, epitomizing the country's entire economic construction course. Prior to the introduction of the reform and opening-up policy, the Construction Bank mainly provided funds for infrastructural construction and exercised supervision over fund allocations. The bank mainly supplied funds for construction projects according to the state plan, saw to it that the funds were used for rational purposes, made sure that the country's infrastructural construction plan could be carried out smoothly, and did its bit to support the establishment of the new economic system of New China. Ever since the beginning of reform and opening up, by seizing favorable

opportunities, the Construction Bank has improved its banking functions, vigorously expanded the scope of banking operations of various kinds, and gradually developed into a state bank specializing in fixed assets investment which not only acts as a manager of state investments but also extends loans of all kinds. It handles banking transactions not only in home currency but also in foreign currencies. Through inputting large amounts of funds amassed from the society into key state construction projects, the Construction Bank has provided a considerable support for the building of basic industries and infrastructure of the national economy, thus giving a great impetus to the structural readjustments of industries. It can thus be said that the reform and development of the Construction Bank is the outcome of its concrete practice in implementing the line set by the Third Plenary Session of the 11th CPC Central Committee.

The changing of special state banks into commercial state banks is a continuation and deepening of the 15-year-long reform. The establishment of a socialist market economic structure is the great practice of the human society in bringing about economic changes. On the question as to how to run commercial state banks under the socialist market economic structure properly, we do not have any precedent to go by and neither are there any ready-made workable schemes of which we can make use. Therefore, we need to make constant explorations in terms of both theory and practice. Due to the fact that the commercialization reform of banks is dependent on the progress of the financial structural reform, and even on the entire economic structural reform, due to the fact that a gap currently remains between the existing internal management and operational structure of banks and the requirements of the market economy, and also due to the fact that reform is bound to be accompanied by deep readjustments to the existing set-up of interests, the commercialization reform of banks will undoubtedly prove to be a protracted, arduous, and complicated task which cannot be accomplished in one move.

Because the Construction Bank is a vital department which strides over two major macroeconomic structures of investment and finance, its commercialization reform will inevitably have an increasing involvement in the readjustments of the interests set-up, and will become more dependent on the progress of both macro and microeconomic reforms. Meanwhile, as a large-scale national bank of which the banking operations involve all fields of the country's economic life, the Construction Bank will undoubtedly mirror all kinds of contradictory relations between the central and local government, and between different departments. Yet, it is exactly because of its special position that the Construction Bank was pushed to the forefront at the very start of the deepening of reform. This year, the Construction Bank has already begun to probe the road toward commercialization. The bank will first make attempts to reform its internal

management and operational mechanisms, thus getting itself well prepared for further reform-deepening strides.

An emancipated mind and a unified understanding serve to be the prerequisite for promoting the reform. As an important content of the financial structural reform, the commercialization reform of special banks is an organic component part of the establishment of a socialist market economic structure and is, therefore, a concrete practice in building socialism with Chinese characteristics. To change special banks into commercial banks, we need to first acquire a scientific understanding of the market economy, of the nature of commercial banks, and of the socialist market economy and socialist commercial state banks in particular. It is important to reform the irrational structure of planning and, at the same time, not to mistake the market economy for an anarchic free economy. The modern market is a well-organized and highly systematized one; therefore, the commercialization of special banks is not an isolated matter and can thus be separated from neither the objective environment and conditions nor the current operation and management of relevant banks. We must proceed from China's reality and adopt a practical approach toward this issue, seek unity of understanding with both the spirit of the 14th Party Congress and Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, study the strategy of reform and development, and determine how far and how fast we should go in our bid to develop into a commercial bank.

How to handle the relationship between operational factors and policy-related factors in business operations is a major issue we are faced with during the present period of changing special state banks into commercial state banks. Even after they sever themselves from the policy-related credit operations, special banks cannot say that they have totally kept clear of policy-rated factors in their banking operations. Particularly during the period when they develop into commercial banks, special banks are still, to a great extent, under the influence of policy-related factors when it comes to decisionmaking procedures on loans, the external operational environment, and other specific fields of operations. Therefore, special banks must regard it as a precondition to subject themselves to the macrocontrol of the state and to bring about improvements in the macroeconomic environment. The operational targets of commercial banks, especially large-scale state-owned ones, basically coincide with the macroeconomic policies of the government while the establishment of a standardized banking supervision system and the creation of a healthy economic environment required by the operations of commercial banks, is precisely the administrative aim and responsibility of the government. Any disorders in the banking field and other economic fields will inevitably affect the normal operations of commercial banks, thus incurring heavy assets losses for the banks. In view of this, assisting the government to realize its administrative aim is the unshirkable duty of state-owned commercial banks. As a matter of fact, the Construction Bank has earnestly

carried out the financial policy of macrocontrol over the past a couple of years. Even this year, as it starts to turn itself into a commercial bank, the Construction Bank has continued to input large amounts of operational funds raised through various channels into basic industries and infrastructure of the national economy, with a view to ensuring a prompt and timely supply of funds for the state's key construction projects. As a result, the rate of prompt and adequate fund supplies hit an all-time high during the first half of this year. By doing this, the Construction Bank has offered its support for the state's key construction projects; moreover, enjoying a drastic growth in the total amount of funds raised in the society, the bank now exerts a smaller pressure on the Central Bank for basic money supply, thus contributing to the present inflation control.

An extensive study of the world's current economic development as well as the economic situation in the Asian-Pacific region has shown us that China, as one of the hot spots of the world's economic development, will maintain its social stability and, on this basis, constantly push forward the cause of reform and step up the development of its economy. Alongside the gradual establishment of China's market economic structure and advances of the socialist modernization cause, more and more industries and trades will try to raise funds for their investment projects, including investments in basic industries and infrastructure, through market channels; while existing enterprises will, through deepening the enterprise reform, also seek more financial sources for their investment stocks in the market with the hope of obtaining new financial services and credit supports. By changing itself from a special bank focusing on medium- and long-term policy-related investments to a commercial bank specializing in operating investment credit, the Construction Bank will occupy an important position in the banking industry with its share in medium- and long-term credit operations. It will also play a significant role in stepping up the development of the national economy, reorganizing and readjusting the economic structure, optimizing the allocations of resources, and enhancing the economic efficiency.

Readjusting assets stock and optimizing assets increment are two major tasks facing state-owned commercial banks. Together with the tasks of readjusting investment stock and optimizing investment increment, they form two sides of the same issue. Over a long period of time, state-owned commercial banks have mainly put their investment in state key projects and state-run large and medium enterprises; therefore, these banks' readjustment of their assets structures are closely linked with the rejuvenation of state-owned medium and large enterprises and with the establishment of a modern enterprise system. The reform of the enterprise system requires various kinds of financial services from banks, while banks also see the need to make flexible use of their assets stock through comprehensive financial means, such as capital input and structural readjustments of assets. During this process, banks will also enrich their

financial products and expand the scope of their banking operations. In line with the macroeconomic policy and its own operational principle, the Construction Bank will give first priority to promoting the development of basic industries, the development of key industries supported by the state, and to manufacturers who turn out profitable and well-marketable products. Moreover, under the prerequisite of according its actions with the requirements of the macroeconomy, the bank will strive to enhance economic efficiency on a constant basis.

The change of special state banks into commercial state banks is a component part of China's economic structural reform. The gradual establishment of the socialist market economic structure will provide state-owned commercial banks with more room for further development. However, it will also confront banks with more acute market competition at the same time. Opportunities go hand in hand with challenges. Commercial state banks must relocate their position and re-determine their operational focuses and major market fields in the banking industry as well as in the entire national economic structure. Proceeding from the needs of the national economic development, the Construction Bank will, while preserving its feature of granting medium- and long-term loans, develop itself in the direction of a modernized and internationalized commercial state bank which enjoys multifunctions, standardized management, and advanced banking means. To this end, the Construction Bank will take further steps to open up more fundraising channels, improve the quality of assets, expand its international banking operations, open various kinds of intermediate businesses, and modernize its means of operation and management. Meanwhile, the bank will pay special attention to bringing up new ideas in the banking field, provide a wide variety of banking services of high quality, and step up the advances of the banking industry.

The modernization of operational means and management is a material precondition for building modern state-owned commercial banks. Growing attention to the application of new technologies in banking operations will become a major feature for the development of commercial banks. When modern science and technology are applied to the operations and management of banks, their roles are not confined to banking operations only and we must approach this issue from the high plane that productivity plays a promotive role on productive relations. Science and technology constitute the primary productive force. The notable improvement of banking operations facilitated by the application of new technologies will undoubtedly bring about changes to all management systems in banks. This improvement will enhance the service quality of banks and, on the other hand, will aggravate competition and set higher demands on bank workers, especially the managerial staff in banks. China's further efforts to deepen reform and open wider to the outside world will help tighten its economic ties with foreign countries, while the internationalization of China's banking industry and the admission of foreign

banks to China will both confront China's banking industry with challenges of acute competition. Since they occupy a major market share in China's banking industry, state-owned commercial banks will have to bear the brunt and come face-to-face with these challenges and they are duty-bound to undertake major responsibilities. The competition among commercial banks is, in the final analysis, competition among people. The training of capable people is therefore of a special significance to state-owned commercial banks. With a view to modernizing and internationalizing our banking industry in the 21st century, we must bring up century-straddling capable personnel who enjoy a scientific world outlook and methodology; and have a wide range of knowledge in economics, finance, management, and modern science and technology, thus laying a solid foundation for the future development of China's banking industry. This is a pressing task and, at the same time, a long-term strategic task. After going through the 15-year-long practice of reform and opening up, banks are now welcoming this major reform of developing themselves into commercial banks. Since state-owned commercial banks occupy a very important position in the national economic system, their reform is closely linked with the entire economic structure and any theoretical probes made and practical experience gained during the reform are by no means confined only to banks. From this sense, the reform of state-owned commercial banks can be said to be an important practical activity of socialism.

Industry Continues Fast Growth

*OW0912072094 Beijing XINHUA in English 0659
GMT 9 Dec 94*

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—China's industrial growth has stayed on the fast track so far this year, with economic efficiency improving.

The State Statistics Bureau (SSB) said today that the industrial incremental value reached 149.8 billion yuan in November, up 23.6 percent from the same month last year.

Cumulative figures showed that the nation's industrial output totaled 1,446 billion yuan for the past 11 months, an increase of 17.9 percent on a year-to-year basis.

State-owned enterprises registered continued acceleration in production, with their output rising 10.2 percent to 92.9 billion yuan last month.

The firms have adjusted their production to be more in line with market demand, the SSB said, citing double-digit growth for most products in textiles and light industry that enjoy good market prospects.

Production of the energy and raw materials industries, including steel, petroleum and coal, maintained a steady rise.

In November, the sales rate of industrial products climbed by 0.75 percentage points to 96.98 percent, compared with a year ago, the SSB said.

Cumulatively, the index for industrial economic efficiency rose to 96.04 between January and October, 0.83 percentage points higher than the corresponding period last year.

The number of loss-making firms as a proportion of the total fell by 0.58 percentage points to 30.31 percent during the period, the SSB said.

Demand for Telephones To Continue To Grow

OW0912095094 Beijing XINHUA in English 0932
GMT 9 Dec 94

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—Demand for telephones will continue to grow in China in the coming year, today's ECONOMIC INFORMATION DAILY reported.

According to the newspaper, by the end of this year, telephone lines installed so far in the country will reach 35 million and the number will grow to 44 million in 1995 and the number of owners of telephones will reach four per hundred people.

Sixty percent of the telephone lines are now installed in residential areas, and the rate will rise to 65 percent next year, said the newspaper.

It cited information from departments in charge of telecommunications products as saying that in 1995, demand will still exceed supply in terms of large-capacity computer-controlled exchanges but there will be an oversupply of small computer-controlled exchanges.

In the meantime, demand for cellular phones will continue to grow. The number of users of mobile phones will reach 1.5 million by the end of this year and will hit three million by the end of 1995. The country first started cellular phone service in 1988.

The demand for pagers next year will reach 2.8 million, which will be below supply in the new year as a result of too many organizations having provided paging services, said the newspaper.

It added that China has had a total of nine million pager users since the country began to introduce such service in 1984.

Goals Set for Hi-Tech Industry Development

OW0912095594 Beijing XINHUA in English 0939
GMT 9 Dec 94

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—China vows to make a breakthrough in its hi-tech industry by the end of this century, the Beijing-based CHINA BUSINESS TIMES reported.

China's hi-tech development zones aim to earn 500 billion yuan (about 58.82 billion U.S. dollars) in technological, industrial and trading sectors up to 2000, with 400 billion yuan (about 47.06 billion U.S. dollars) generated by industries, said Huang Qitao, deputy director of the State Science and Technology Commission.

Meanwhile, output value per capita will reach to 250,000 yuan (about 29,412 U.S. dollars) in the zones, Huang said at a recent symposium on money borrowing and lending and investment strategy for China's hi-tech industry.

China will mainly attach importance to reinforcing the present development zones in the near future to form a group of high-quality hi-tech development zones, and readjustment of hi-tech industry will also be emphasized, he said.

High technology will play a leading role not only in establishing some big hi-tech enterprises, but also in technical renovation of state-owned large and medium-sized enterprises.

At the same time, China plans to set up more township and non-governmental hi-tech enterprises while training more technical personnel for the enterprises, according to the official.

He pointed out that every effort should be made to accumulate enough funds for hi-tech industry, which needs scores of billion yuan per year, while annually only some three billion yuan have been made by the government in recent years.

The diversified methods to raise funds mainly include issuing bonds and securities, setting up funds, establishing science and technology banks and launching insurance companies.

Up to now, China has established 52 state-level hi-tech development zones and more than 10,000 enterprises which have earned 57 billion yuan (about 6.7 billion U.S. dollars) through doing business in technological, industrial and trading sectors.

U.S. Computer Sets Up Research Center in Beijing

OW0912004494 Beijing XINHUA in English 1758
GMT 8 Dec 94

[FBIS Transcribed Text] New York, December 8 (XINHUA)—U.S. computer maker International Business Machines (IBM) Corporation is to establish a research lab in Beijing.

As part of IBM's efforts to increase its presence in the fast-growing Chinese market, the center will initially employ 15 to 17 researchers, most of them native Chinese, operating on an annual budget of about 3 million U.S. dollars, according to the WALL STREET JOURNAL.

The Beijing lab, which will have ties to several Chinese universities, will research issues particular to China, such as computers that can recognize Chinese speech and handwriting. The center will also involve itself in China's massive effort to build a nation-wide computer network.

State Buys More Cotton To Aid Textile Industry

HK0812141694 Beijing CHINA DAILY in English 8 Dec 94 p 1

[By Guo Nei: "State Buys More Cotton This Year: 2.54m Tons"]

[FBIS Transcribed Text] The amount of cotton procured by the State this year has reached 2.54 million tons, exceeding last year's procured amount by 763,000 tons, said the Ministry of Internal Trade.

The purchase of cotton, seen as vital to satisfy the needs of China's massive textile industry, is a top priority for governments at all levels.

The central government raised its cotton-buying price this year to encourage cotton farmers to grow and sell their crops to State purchasing agents.

The progress is significant, considering the recent unfavourable weather in the cotton-producing areas of North China and the Yangtze River valley.

The Xinjiang Uygur Autonomous Region, one of the main cotton producers in China, topped the country in production and procurement of cotton this year. The region now provides about one-third of the country's cotton procurement.

Jiangsu Province, another main cotton-growing region, has almost fulfilled its annual cotton purchasing target.

Progress also has been reported from major cotton-growing provinces of Hebei, Shandong, Anhui, Jiangxi, Hubei and Hunan.

To encourage cotton production, the State raised the purchase price for 50 kilograms of cotton by 202 yuan (\$23.7) over last year. This is an increase of 60 per cent.

The present price is quite reasonable and has reached the ceiling level that textile mills can afford, said ministry officials.

Despite progress made in State procurement of cotton, problems still exist such as artificial upgrading of cotton quality.

Some local governments sent reports which underestimate purchasing, because they cared more about guaranteeing cotton supply to local textile mills, said Beijing-based Economic Daily yesterday.

More effort is needed to help crack down on illegal cotton trading by private businesses and small local

textile mills since such malpractice still is being found despite State rules and local governments' tight rein on the cotton market.

The State cotton allocation plan also has not been carried out satisfactorily, with only 29 per cent of the allocation plan for the September-December period implemented.

To date, none of the main cotton growing regions have fulfilled their allocation targets; some have not even started to do the work, said yesterday's Economic Reference News.

Buying cotton remains an arduous task, and local governments and leaders should make further efforts to ensure the State controls all cotton resources, said ministry officials.

Plans for Increased Foreign Funds for Crop Farming

OW0912095694 Beijing XINHUA in English 0929 GMT 9 Dec 94

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—China will use more foreign investment in developing plant culture and livestock breeding in the future, today's ECONOMIC INFORMATION DAILY reported.

More foreign funds will be diverted to help increase the production of grains, cotton, oil-bearing crops, sugar crops, vegetables, and natural rubber. They will also be used to increase the production of meat, poultry, eggs, milk and aquatic products, as well as to develop the processing of farm products and produce more new products for export, the newspaper quoted officials with the Ministry of Agriculture as saying.

They said that they would work hard to attract as much as 600 million U.S. dollars in foreign funds for use in farming each year.

Foreign investment in farming in China mainly comes as loans, which makes up a major part of the foreign investment, direct investment; overseas financial aid, and compensation trade or processing and assembling businesses.

So far, the country has utilized 7.4 billion U.S. dollars in foreign investment in farming, which has played a positive role in promoting the development of an export-oriented farming and rural economy, said the officials.

Foreign Currency Business 'Brisk'

OW0912111394 Beijing XINHUA in English 1026 GMT 9 Dec 94

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—Foreign currency business is brisk in China after the country opened a foreign currency exchange center last April, the SHANGHAI SECURITIES NEWS reported.

Last month, turnover of the center totalled 4.79 billion U.S. dollars and 2.78 billion Hong Kong dollars, bringing the last eight month's total transaction up to 32.89 billion U.S. dollars and 15.38 billion Hong Kong dollars.

During this period, the Chinese currency, RMB [renminbi], gained 1,800 points against the U.S. dollar, from 8.5090 yuan for one dollar in April to 8.6769 yuan for one dollar by the end of last month.

The computer system for the center has passed the state-level technological appraisal and it will connect major cities of the country through satellites.

Official on Rising Revenue From Domestic Tourism

OW0912000494 Beijing XINHUA in English 1619
GMT 8 Dec 94

[FBIS Transcribed Text] Kunming, December 8 (XINHUA)—China's revenue from domestic tourists is expected to reach 110 billion yuan (about 13 billion U.S. dollars) next year, said a senior Chinese tourism official here today.

Liu Yi, director general of the National Tourism Administration, said that China will see an increasing number of domestic tourists, as the Chinese people's living standards are rising steadily.

Liu was present at the 1994 China Domestic Tourism Trade Fair, which opened today in this capital city of southwest China's Yunnan Province.

China now has more than 3,000 travel agencies handling domestic tourists. Last year the number of tourists reached 410 million, producing an income of 86 billion yuan.

This year the number of domestic tourists is expected to rise to 450 million, and to bring the industry a revenue of 95 billion yuan.

Liu said that the tourism trade fair, held once a year, is aimed at enlarging the domestic market.

The three-day fair drew 5,000 tourism representatives from all over the country, as well as from Thailand, Indonesia, Malaysia and Singapore.

East Region

Shandong Secretary Speaks at Provincial Plenum

SK0812131194 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 7 Dec 94

[FBIS Translated Text] The third plenary session of the sixth Shandong Provincial CPC Committee was held in Jinan on 6 and 7 December. The plenary session was presided over by standing committee members of the provincial party committee. Zhao Zhihao, secretary of the provincial party committee, gave an important speech at the session.

The plenary session discussed and adopted the opinions of the Shandong Provincial CPC Committee on implementing the CPC Central Committee's decision concerning several major issues on strengthening party building and pointed out that the Fourth Plenary Session of the 14th CPC Central Committee is a very important meeting held during the critical moment when China is carrying out reform, opening up, and the modernization drive. The broad masses of party members across the province, particularly the party-member leading cadres, should profoundly understand the extreme importance of making party building a success and realistically unite the ideology with the spirit of the fourth plenary session.

In his speech, Zhao Zhihao particularly put forward six demands on strengthening party building, particularly the building of leading bodies at all levels.

First, we should conscientiously implement the party's democratic centralism. To uphold and perfect democratic centralism, the most important is to maintain a high degree of unity with the CPC Central Committee in terms of ideology, politics, and action. This is a serious political discipline and a basic criterion for judging and appraising party organizations to see whether they are qualified and competent. It is necessary to continuously enhance the sense of the overall situation, consciously make the part submit to the whole, never counter the central measures with local ones, never stress the interests of one's own locality or department at the expense of the interests of the whole. Party and government organs at all levels across the province should be more conscious in safeguarding the authority of the central authorities, strictly enforce orders and prohibitions, be proficient in proceeding from one's reality, work creatively, and guarantee the implementation of the central line, principles, and policies.

Second, we should realistically strengthen unity inside and outside the party. Currently, we should pay special attention to handling the relationship between old and new cadres, between the party committee and the leading bodies, between the higher and the lower levels, between the province and the fraternal regions, departments, and units, and between the Army and the government. To maintain unity inside and outside the party, we should pay attention to principle while handling major issues

and to style while handling minor ones, adopt a clear-cut stand to show our support or opposition while handling matters of principle, and never adopt an ambiguous attitude or fail to hold ourselves responsible to the people. It is necessary to regularly exchange views and be bold in conducting criticism and self-criticism.

Third, we should be determined to solve the issue on grass-roots backward leading bodies. Presently, about 10 percent of grass-roots party organizations across the province are still in a state of weakness and slackness. We should strive to successfully consolidate and build backward party branches in two to three years in line with the demands of the implementation opinions. Particularly during this winter and next spring, we should regard this work as an important aspect of the party building endeavor.

Fourth, we should pay great attention to correctly selecting and recruiting cadres, realistically select and promote to leading posts those people who uphold the party's basic line, have outstanding achievements in their official career, have both ability and political integrity, are faithful and just and good at uniting with comrades in work, and are recognized by the masses. At present, we should first step up efforts to train and select a great number of outstanding young cadres who can assume leading important posts during this and next centuries, strictly evaluate cadres in line with Comrade Deng Xiaoping's proposal, regard this as a system and uphold it continuously, promote or demote cadres in accordance with the evaluation results, and in addition to demoting those who commit serious mistakes, also make those who are weak in fighting will, fail to do their work well, and are incompetent give their seats to other people, and demote those who are not presentable.

Fifth, we should persist in keeping ourselves honest and self-disciplined. Deeply conducting an anticorruption struggle and promoting the building of party style and administrative honesty are the major issues affecting the party's life and death. Leading cadres at all levels, particularly the middle and high-ranking cadres, should strengthen the sense of self-discipline, perform their official work diligently and honestly, set examples with their own conduct, and be realistically sound in ideology, politics, power, spirit, relationships, and living, bring welfare to the local population during their tenure of office, and be just and uncorrupted.

Sixth, we should further strengthen the party's ideological construction and work style, organize party-member cadres to conscientiously study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the socialist market economic theory, and acquire basic knowledge. It is necessary to uphold the mass line, enhance the sense of the masses, and firmly cultivate the ideology of serving the people wholeheartedly.

At the session, Li Chunting, deputy secretary of the provincial party committee, offered specific views on

implementing the spirit of this plenary session. Li Wenquan, Han Xikai, Chen Jianguo, and Song Fatang, deputy secretaries of the provincial party committee; members of the standing committee of the provincial party committee; and members and alternate members of the provincial party committee, a total of 52 people, attended the session.

Members of the leading party groups of the provincial people's congress standing committee, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference, special advisers to the provincial government, members of the provincial discipline inspection commission, and principal responsible comrades of various provincial-level departments and of institutions of higher learning in Jinan, and inner party veteran comrades at and above the deputy director level of provincial-level organs attended the session as observers.

Shandong Holds Meeting To Relay Central Guidelines

SK0912031394 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 8 Dec 94

[FBIS Translated Text] The Shandong Provincial CPC Committee held a meeting of city and prefectural party committee secretaries in Jinan on 7 December to relay and implement the guidelines of the central economic work conference and of the national organizational work conference.

Zhao Zhihao, secretary of the provincial party committee and provincial governor, presided over the meeting and gave an important speech. Li Chunting, deputy secretary of the provincial party committee and vice governor, relayed the guidelines of the central economic work conference at the meeting; Li Wenquan, deputy secretary of the provincial party committee, relayed the guidelines of the national organizational work conference.

On the issue of relaying and implementing the guidelines of the central economic work conference, Zhao Zhihao pointed out: It is necessary to study and understand the central guidelines, further unify recognition of the current situation and the importance of curbing inflation and strengthening macroeconomic regulation and control proposed by the central authorities, and maintain a high degree of unity with the Party Central Committee in terms of ideology and action.

Zhao Zhihao pointed out: Under the situation in which the tasks on reform, development, and stability are arduous, we must make overall plans and arrangements, pinpoint the priorities, and exert efforts to grasp several major problems that affect the overall situation and a long period to come, resolutely curb inflation, continue to actively strengthen agriculture, continue to promote reform of state-owned enterprises, and strive to raise the quality and efficiency of economic growth.

Zhao Zhihao stressed: We should attend to the current work in a down-to-earth manner, pay special attention to maintaining social stability and approach it as one of the conspicuous current tasks, do a good job in market supply, guarantee an ample supply of daily necessities, particularly the supply of farm and sideline products, continue to make strenuous efforts to manage market prices, rectify the circulation order, deal blows to acts of cheating customers, cornering the market, and forcing the prices up, and ensure that the prices of commodities essential to the living of the masses are basically stable. Continued efforts should be made to act strictly in accordance with policies, do meticulous ideological and service work, do a good job in managing the cotton market and in purchasing, processing, and delivering cotton. It is necessary to energetically organize financial revenue, cut expenditures, and guarantee a balance between revenue and expenditure this year. Meanwhile, we should conscientiously make arrangements for the living of poor households in the rural areas and low-income people and workers of difficult enterprises in the urban areas, help them solve practical difficulties, and let the masses really feel the warmth of the party and the government.

Han Xikai, Chen Jianguo, and Song Fatang, deputy secretaries of the provincial party committee; Tan Fude, Liu Guofu, Yu Zhengsheng, Dong Fengji, Han Yuqun, and Wang Keyu, members of the standing committee of the provincial party committee, attended the meeting.

Shandong Military Organs Hold Party Secretary Meeting

SK0912031594 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 8 Dec 94

[FBIS Translated Text] The meeting of party committee first secretaries of Shandong Provincial military departments was held in Jinan on 8 December. Du Tiehuan, political commissar of Jinan military region; Zhao Zhihao, secretary of the provincial party committee and first secretary of the party committee of the provincial military district; Liu Guofu, political commissar of the provincial military district; and Shen Zhaoji, commander of the provincial military district; attended and addressed the meeting.

The meeting conscientiously relayed and studied the guidelines of the directives given by the CPC Central Committee, the Central Military Commission, and the General Political Department on strengthening the building of national defense reserve force and work out plans for the province's militia and reserve duty work next year.

In his speech, Zhao Zhihao pointed out: Strengthening the building of reserve force is a persistent idea of the three generations of leading collectives of the CPC Central Committee. During peace time, we should all the more be prepared for danger. We should persist in giving simultaneous attention to economic construction and

the building of national defense and making them promote each other to seek coordinated development at any time and under any circumstances. It is necessary to actively promote comprehensive development in building militia and reserve force, realistically bring this work into line with local economic and social development, and strive to raise the quality of militia and reserve duty work. We should earnestly uphold the dual-leadership system, study ways to solve the major issues in the militia and reserve duty work, and strive to create a new situation in building militia and reserve force in the province.

In his speech, Du Tiehuan stressed: To strengthen the building of reserve force, we must uphold the principle and system that the party should manage the work of Armed Forces, guarantee that the Armed Forces will always be placed under the party's absolute leadership, exercise regular and effective leadership over the militia and reserve duty work, guarantee that this contingent is highly centralized and unified and is always politically qualified. At present, party committees at all levels should give prominence to grasping the building of politics of the militia and reserve force, give full play to the functional role of the People's Armed Forces departments, actively organize militiamen and reserve service personnel to participate in building the two civilizations and to make greater contributions to developing economy and promoting social stability.

Shandong Holds Discipline Inspection Plenum

SK0912052794 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 8 Dec 94

[FBIS Translated Text] The third plenary session of the Shandong Provincial Discipline Inspection Commission was held at Nanjiao Guesthouse in Jinan on the afternoon of 8 December.

The main topics for discussion at the session was to study and implement the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee and the Fourth Plenary Session of the Central Discipline Inspection Commission, pay further attention to discipline inspection and supervision work, and supervise and guarantee the implementation of the decision of the fourth plenary session and all tasks proposed in the implementation suggestions of the provincial party committee.

Tan Fude, member of the standing committee of the provincial party committee and secretary of the provincial discipline inspection commission, pointed out at the session: At present, the discipline inspection organs should give prominence to supervising the party organizations and party members and see whether they have resolutely implemented the policy decisions of the central authorities and the provincial party committees, correctly exercised the powers vested by the people, strictly implemented the principle on democratic centralism, effectively implemented the party's basic principle and all measures on building grass-roots party

organizations, and conscientiously implemented the party's cadre line and cadre policy as well as the organizational and personnel disciplines.

Han Fude stressed: It is necessary to continuously deepen the building of party style and administrative honesty and anticorruption work in line with the guidelines of the fourth plenary session. He said: From now on to the Spring Festival, all levels should expand measures in light of the weak aspects, and particularly grasp well five affairs.

First, we should continue to pay close attention to straightening out and handling all problems exposed during the previous endeavor to screen cars, houses, and unpaid misappropriation of money and property of enterprises in line with stipulations.

Second, we should assist the party committee and government in examining and summing up this year's anti-corruption work.

Third, we should assist the party committee in holding democratic life activities for leading cadres at and above the county level.

Fourth, we should coordinate with the people's congress, the party committee, and the organizational department to appraise the leading bodies.

Fifth, we should make early arrangements for checking unhealthy trends and conducting rectification work during this year's Spring Festival, organize a special inspection, resolutely check unhealthy trends, and enable the higher and the lower levels across the province to have an honest, civilized, serene, and harmonious New Year and Spring Festival.

Secretaries of discipline inspection commissions of all cities and prefectures and large enterprises, secretaries of the discipline inspection work committee of the provincial party committee and government organs, secretaries of the discipline inspection work committee of the provincial institutions of higher learning, and chiefs of discipline inspection sections and secretaries of the discipline inspection committees of provincial-level departments attended the plenary session as observers.

Shandong Measures To Stabilize Market Supplies

SK0912053794 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 8 Dec 94

[FBIS Translated Text] The provincial work conference on market supply opened in Jinan on 8 December. During the conference, the participants analyzed the current situation prevailing among markets and in commodity prices and discussed work arrangements for the market supply of foodstuffs and nonstaple foodstuffs, including grains, cooking oil, meat, and vegetables, during the Spring Festival period. They also discussed the measures of keeping the prices stable.

Attending the work conference were Li Chunting, Song Fatang, Chen Jianguo, deputy secretaries of the provincial party committee; as well as Wu Aiying and Wang Yuxi, vice governors of the province.

During the conference, Li delivered a speech in which he stated: The province reaped a bumper harvest in both summer and autumn grains and the output reached 40.9 million tonnes. It is the second high grain yield in the province's history. Commodity sources, such as vegetables, aquatic products, and meat stuffs, have been relatively abundant. An approximate balance is existing between the total supply and demand. Therefore, as for the problems cropping up in the current market supply, we should attach great importance to them and adopt an earnest attitude toward them as well as we should notice the favorable conditions and foster confidence in dealing with the problems. It is possible for us to stabilize the market prices of major commodities and to enable them to fall after a rise.

Li Chunting stressed: Governments at all levels must foster the concept of grasping market supply in a long-term way. From the long-term point of view, attention should be paid to the following several aspects: 1) A good job should be done in grasping agricultural production and the vegetable basket project. First of all, we should ensure the stable increase in the output of grains, cotton, oil-bearing seeds. In handling the grain affairs, we should regard city or prefecture as an accounting unit and have them seek a balance between production and sales independently. By no means should we shake our will in this target. Second, efforts should be made to ensure stable increase in raising hogs. 2) Efforts should be made to grasp commodity circulation and to bring into full play the major channel role of grain units and of supply and marketing departments. A good job should be done in purchasing, storing, and allocating the important materials of grains and oil-bearing seeds. Key cities should establish supply network among their state-owned grain and meat stores so as to have the initiative of ensuring supply in their hands. 3) Efforts should be made to grasp management. Under the situation of conducting the market economy, the government should still strengthen the macro readjustment and control over markets and commodity prices; formulate or adopt new methods and measures; and justly and forcefully manage markets and prices. By no means should the government let markets and prices drift.

In his speech, Wang Yuxi made specific arrangements for the work of purchasing grains, cotton, and oil-bearing seeds.

Shandong Zibo City Prosecutes Tax Frauds

SK0912095894 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 8 Dec 94

[FBIS Translated Text] The Zichuan district people's procuratorate recently placed a major and appalling case

on file for investigation and prosecution regarding illegally seeking personal gains by forging special invoices for value-added taxes.

Convict (Zhang Jibo), manager of the Zhangzhuang supply and marketing company in Zichuan district, has engaged in forging invoices for value-added taxes since the beginning of this year by taking advantage of tax reform and paying no attention to the repeated injunctions of the central authorities and the state relevant regulations on dealing strict blows at forging invoices of value-added taxes. It was proven in the preliminary investigation that since the beginning of this year, Convict Zhang had bought 30 books of value-added tax invoices from the Goutouzhuang tax office. By taking 3 percent of invoices as a commission, he forged more than 120 invoices of value-added taxes for 13 units and individuals. The total face value of invoices reached more than 5 million yuan. The volume of tax deductions reached more than 700,000 yuan and his personal gains were 50,000 yuan. He has caused serious economic losses to the state and disturbed the tax revenue order. (Zhang Jibo) was arrested in line with the law.

Opening of Shanghai's Ring Road Hailed

HK0812141594 Beijing CHINA DAILY in English 8 Dec 94 p 1

[By Li Wei: "Ring Road Opens in Shanghai"]

[FBIS Transcribed Text] Shanghai—Inner-Ring Road, currently China's greatest city highway system, officially opened to Shanghai traffic yesterday.

Vice-Premier Zou Jiahua extended the central government's congratulations to Shanghai on the completion of the grand project at the opening ceremony.

"The Inner-Ring Road is a great achievement in Shanghai's infrastructure history," Zou said, "and it epitomizes the great changes taking place in Shanghai."

The Inner-Ring Road, as the first highway circling Shanghai, will meet traffic demand and provide a shot in the arm to Shanghai's economic development, Zou added.

The 48-kilometre-long highway, the largest ever built in Shanghai, consists of two cable bridges across the Huangpu River, a ground-level road at the east side of the river and a 29-kilometre-long elevated highway at the west side. It took 1,300 construction workers less than three years to complete the project.

The speed limit on the six-lane highway is 80 kilometres per hour. At this rate it will take only 36 minutes for a vehicle to complete the circle.

The west section of the ring road has four big fly-overs and 35 auxiliary entrance and exit roads; and the east part has two fly-overs.

Started in September 1992, the Inner-Ring Road project cost 4.6 billion yuan (\$529 million) to build, of which \$200 million was contributed by the World Bank, said Ken Rippen, managing director of Ausino Engineering Consultants, an Australian company that has been involved in the project for two-and-a-half years as a liaison between the project and the World Bank.

"The highway makes a very big difference for the traffic from one side of Shanghai to the other."

In opening ceremony remarks, Mayor Huang Ju said the completion of the Inner-Ring Road project, which is connected to major water, air and rail traffic systems in Shanghai, means Shanghai's road system covers both sides of the Huangpu River and integrates the ground-level road and elevated highways in the city.

"It also marks a major breakthrough in the city's effort to modernize its traffic system," the mayor said, noting the grand highway symbolizes the "three-year great change" urged by senior leader Deng Xiaoping.

Huang praised construction workers and those who contributed to the highway project, including overseas developers, saying they have been working hard to ensure the project's high quality.

Hua Jianmin Elected Shanghai Deputy Mayor

*OW0812160694 Beijing XINHUA in English 1555
GMT 8 Dec 94*

[FBIS Transcribed Text] Shanghai, December 8 (XINHUA)—Hua Jianmin, 54, was elected a deputy mayor of Shanghai today at a meeting of the Standing Committee of the Shanghai Municipal People's Congress.

Hua, a Standing Committee member of the Shanghai Municipal Committee of the Chinese Communist Party, also serves as the director of the Municipal Planning Commission.

After graduating from Beijing's Qinghua University in 1963, he worked as a deputy director of a research institute attached to the Shanghai Turbo-Generator Plant, general manager of the Shenneng Power Development Company and deputy director of the Municipal Planning Commission.

Shanghai Port Increase in Handling Capacity

*OW0912023394 Beijing XINHUA in English 0129
GMT 9 Dec 94*

[FBIS Transcribed Text] Shanghai, December 9 (XINHUA)—The port of Shanghai, in east China's Shanghai Municipality witnessed a great increase in its handling capacity during 11 months of this year.

Latest statistics show that total imports and exports handled by the port in the January-November period reached more than 30 billion U.S. dollars, up more than 20 percent from the same period of last year.

The port, the largest in China, spared no efforts in improving services for import and export companies around the country over the past few years. Those offered by the port were increased to include information, consulting, and storage.

During the 11 months, the export volume handled by the port was 15.45 billion yuan, increasing nearly 34 percent over the same period last year, while the import volume reaching 14.55 billion yuan, up 4.4 percent.

Government Bond Business Brisk in Shanghai

*OW0912091594 Beijing XINHUA in English 0842
GMT 9 Dec 94*

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—The government bond business is brisk in Shanghai as a result of the state's raised guarantee rate of the bonds and the adoption of other measures, the Shanghai-based "WENHUI DAILY" reported.

Daily turnover of the bonds broke three records last month and hit 65.98 billion yuan on November 22, accounting for about 99 percent of the total trading volume on the stock market that day.

To boost buyers' interest in government bonds, the state has raised the guarantee rate for the bonds several times in a bid to offset devaluation caused by inflation.

The stock exchange, one of only two in the country, has adopted a number of measures to boost the national bond market since last year.

This year, it adjusted its repurchasing of government bonds and expanded the market to attract more traders. In addition, it has added eight centers for transactions.

Stock traders in Fujian and Hainan Provinces, the city of Qingdao in Shandong Province, Shenyang, capital of Liaoning Province, and Beijing all have computers connected with the Shanghai Stock Exchange to engage in trading government bonds.

At present, trade in these centers accounts for 10 percent of the total volume of the Shanghai Stock Market, up from the previous 4.63 percent.

Investors also have come to understand that government bonds not only prevent their money from losing value, but also are a mainstay in the security business and reduce the normal risk involved in stocks.

City in Zhejiang Cashes In on Significant Artists

*OW0812054394 Beijing XINHUA in English 0444
GMT 8 Dec 94*

[FBIS Transcribed Text] Hangzhou, December 8 (XINHUA)—Culturally-reckoned Tongxiang city, in east China's Zhejiang Province, has successfully cashed in on cultural figures it has produced in pursuing a market economy.

A city government official said that in the past ten years, Tongxiang has built a host of cultural projects to honor these artists.

Among the projects are the restored version of the former residence of Mao Dun, a literary giant in modern Chinese history; a commemoration hall for Feng Zikai, a great artist and cartoonist; an art institute named after Qian Juntao, a famed calligrapher and seal carver; and a photography gallery named after Xu Xiaobing and his wife, Hou Bo, both of whom took hundreds of pictures for Mao Zedong and other revolutionaries.

The cultural figures and projects built for them are a priceless treasure able to make Tongxiang better-known, said Bao Fuxing, director of the city's culture bureau.

Statistics show that more than 400,000 foreign and Chinese visitors have come to the cultural monuments in the past six years.

According to Bao, many foreign businesspeople say that they find it safe to invest in Tongxiang, because the city's residents have a cultural background.

The number of overseas enterprises investing in the city jumped from a measly 14 in 1991 to 169 in 1993, the director said, adding that they generated more than 364 million yuan (about 41.8 million U.S. dollars) worth of output last year.

Bao said that a 4.3-million-yuan workers' palace and a 1.5-million-yuan multifunctional cultural center are two of the major cultural facilities being built in Tongxiang, one of China's top 100 economically-powerful counties.

Central-South Region

Guangdong To Implement Civil Service System
*HK0712140394 Beijing ZHONGGUO XINWEN SHE
in English 0844 GMT 7 Dec 94*

[FBIS Transcribed Text] Guangzhou, December 7 (CNS)—The implementation scheme for establishment and carrying out of the civil servant system in Guangdong Province has been issued recently by the Provincial People's Government. The governmental administrative organizations at various levels in Guangdong were required to take two years or a longer period to establish civil servant system based on completion of reform on internal structure of organizations.

The scheme will be implemented in three stages. It will first be carried out in provincial administrative bodies at a trial basis, which is scheduled to start in the latter half of 1994. It will then be followed by all governmental organizations at provincial level. The civil servant system is expected to be basically established at this level by the first half of 1995. Administrative organizations at city, county or township levels will carry out the scheme starting from the former half of 1995, and is requested to complete the work in the first half of the following year.

An inspection for establishment of civil servant system will be carried out in the whole Province in the latter half of 1996 so as to further improve the system.

The scheme makes explicit stipulations on classification of posts, screening of staff, appointment, arrangement for surplus personnel, examination and giving grades, etc.

New Column To Report Property Rights Violation
HK0912051694 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 1 Dec 94 p 3

[Boxed introduction to new column: "Intellectual Property Rights in China" Column To Carry Analytical and Tracking Reports"]

[FBIS Translated Text] This column plans to carry regular reports and analyses of cases of violation of intellectual property rights, beginning with the following case. You are welcome to provide us with relevant information and clues.

Meanwhile, pirating of CDs and infringement of computer software rights will still be the key areas of reporting by this column for a certain period to come.

Contact phone: 5092813 or 5092203.

Fax: 5003109.

Patent Infringement Case Reported
HK0912053494 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 1 Dec 94 p 3

["Intellectual Property Rights in China" column: "Reporter Tracks and Reports the Inside Story of Guangdong's Most Typical Patent Case"]

[FBIS Translated Text] In the early hours of this morning, this reporter phoned Yang Guangzeng, the XINHUA Guangdong Branch reporter who tracked and reported the case, learning from him some unrevealed information about the case.

From 1984 to 1992, after spending eight years of painstaking efforts and a total of 13 million yuan, scientists at Guangdong Province Foshan City Ceramics Research Institute (hereinafter referred to as the Research Institute) finally succeeded in acquiring the "technology for producing porcelain roller bars with cooling lapse and static pressure [leng deng jing ya tao ci gun bang sheng chan ji shu 0397 4583 7234 1090 7118 3911 6547 2761 3932 3934 2111 2611]," an advanced technology by domestic standards. In order to protect its intellectual property rights, the institute submitted applications for it and two other items of production facility and technology—the "facility for pre-molding porcelain roller bars" and the "static pressure equipment for molding porcelain roller bars"—to the state for patent rights on 17 August 1992, and received approval.

According to the complaint by the Research Institute, when this patented technology brought it handsome returns, the accused—a manufacturer who infringed upon its rights and was investigated and shut down—bribed a staff member at the Research Institute with a large amount of money to steal the commercial secret. In a short period of time, this manufacturer bought equipment similar to that used in the Research Institute, to produce the porcelain roller bars, which were sold at a price 20 yuan each less than the price of the product of the Research Institute. This kind of undue means of competition led to serious overstocking in the Research Institute, and as a result an enterprise which had been earning millions of yuan became a loss-making enterprise.

Having no alternative, Foshan Ceramics Research Institute brought a complaint to Foshan Intermediate People's Court. Up to this moment, the case has experienced twists and turns. Guangzhou City and Foshan City Intermediate People's Courts have finally accepted the complaint by the Research Institute. The Research Institute used 9 million yuan bank deposits and Foshan Porcelain Group's 4 billion yuan fixed assets as a guarantee, to enable the case to make gradual headway.

According to a relevant person, the fact that such a big move has been taken indicates that Guangdong Province is beginning to enter the stage of substantive action in establishing the order of socialist market economy and protecting intellectual property rights.

People's Bank Eases Guangdong Coin Shortage

HK0812141994 Beijing CHINA DAILY in English 8 Dec 94 p 2

[By Li Zhuoyan: "Guangdong Eases Coin Shortage"]

[FBIS Transcribed Text] Guangzhou—The People's Bank of China Guangdong Branch yesterday put 144 million yuan (\$16.9 million) worth of small banknotes and coins into circulation to ease the acute shortage of change in recent months.

More will be put into use later this month, bringing the total amount to 300 million yuan (\$35.3 million), said Tan Zhuohuai, deputy director of the branch.

That means this year's total supply of small bills and coins will exceed 1.1 billion yuan (\$129.4 million), more than the total amount put into use in the South China province in the previous three years.

Money circulation has surged in Guangdong as the market economy continues to boom. This has created increased demand for small bills, an analysis by the branch shows.

Guangdong now accounts for 11 per cent of China's total money circulation of 600 billion yuan (\$70.6 billion).

"But the issuing of small bills has not grown at the same pace," Tan said.

The rapid development of automated services, such as coin phones, ticket selling and highway toll collection, also contributes to the growing demand for change.

To ease the shortage, the branch also is taking steps to resolve problems in money circulation.

Guangxi Holds Meeting on Reducing Peasant Burdens

HK0912112294 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 7 Dec 94

[FBIS Translated Text] The regional meeting on supervision and management of the peasants' burdens, which was held in Nanning yesterday, stressed getting a clear understanding of the situation, persistently do a good job of lightening the peasants' burdens, and protecting the peasants' legitimate rights and interests. Regional deputy party secretary Ding Tingmo and regional government vice chairman Xu Bingsong addressed the meeting.

Ding Tingmo pointed out: We should understand the importance of lightening the peasants' burdens from the height of the overall situation of reform, development, and stability and understand the relationship between the lightening of the peasants' burdens and the development of various rural undertakings. No matter what undertakings are developed, no infringement upon the peasants' legitimate rights and interests is permitted. He stressed: Party committees and governments at all levels should unswervingly carry out the central and regional authorities' decisions on scrapping the fee-collection items relating to the peasants and banning the 10 wrong measures for fee collection and management. Refusal to do so, continued forceful collection of articles from the peasants by using illegal means, and wanton raising of funds and apportionment of expenses from among the peasants under all sorts of pretexts are on no account permitted. In the days to come, the issuance of any document and fee collection items relating to the peasants' burdens should be reported for approval in accordance with legal procedures. Otherwise, they will be invalidated and moreover, leaders and persons involved will be held responsible for their wrongdoings. At the same time, rules and regulations on the withdrawal, management, and use of funds should be rigorously enforced. Supervision of law enforcement should be strengthened. Major and important cases relating to the peasants should be seriously investigated and handled. Supervision and management organs should be instituted and improved. Departments concerned should work in close coordination to lighten the peasants' burdens.

In his speech at the meeting, Xi Bingsong pointed out: When it comes to the central and regional authorities' decisions on scrapping the items relating to the peasants' burdens or postponing their implementation, the peasant burden supervision and management, supervision, financial, planning, and price departments and legal organs at all levels should perform their duties,

strengthen supervision and management, and make sure that the decisions are carried out down to the grassroot units and peasant households. Before the anticipated financial settlement of accounts, the region should conduct an overall inspection of the implementation of the policies and regulations concerning the lightening of the peasants' burdens to see which policies have been implemented and which ones have not yet been implemented and find out their reasons. He also pointed out: The key to lightening the peasants' burdens lies in developing the collective economy.

Hainan's Agricultural Market Earns 'Tidy Profit'
*OW0812162894 Beijing XINHUA in English 1552
GMT 8 Dec 94*

[FBIS Transcribed Text] Haikou, December 8 (XINHUA)—Comprehensive agricultural development in Hainan, south China's island province, has turned a tidy profit during the last four years.

Agricultural testing areas, are distributed among nine cities and counties and nine state farms, mainly in the western part of the island.

According to local officials, these poor areas have little good farmland, many uncultivated slopes, and no obvious signs of agricultural modernization, and have been listed in the province's aid-the-poor program.

However, because typhoons seldom hit this area, there are fewer risks for agricultural development.

The local government has adopted advanced forms of management and carried out favorable investment policies to encourage the development of the rural economy, especially in planting, breeding, and processing farm products.

During the four-year period, 46 agricultural development projects have been approved, with a total investment of over 1.13 billion yuan (130 million U.S. dollars), with 16 having gone into operation.

Real investment totalled 624 million yuan (72.6 million U.S. dollars) in rural areas, covering 470,000 ha [hectares] and benefiting 1.12 million people. Meanwhile, nearly 1,000 enterprises have been set up.

For a long time, sluggish markets caused a bottleneck in agricultural development, as the circulation of farm products stagnated.

Six markets for wholesale farm products in the province are now well under way, however, involving planned investment of 1.32 billion yuan (153 million U.S. dollars) and actual investment of 81.96 million yuan (9.53 million U.S. dollars).

The province is making every effort to develop its markets, offering enough bank loans for agricultural projects and implementing flexible policies.

More than 90,000 farmers have benefited from three of the wholesale markets in this capital city, and have dealt with more than 200,000 tons of melons and vegetables.

The processing industry has given impetus to the planting and breeding industries there, bringing about the integration of trade, industry and agriculture.

The testing areas have invested a total of 210 million yuan (24.42 million U.S. dollars) in developing the processing industry during the past four years, with 10 projects in operation.

So far, 16 projects in the sectors of planting and breeding have won approval, involving a total investment of 270 million yuan (31.4 million U.S. dollars).

At the same time, eight large-scale planting and breeding bases have been established, ensuring stable materials for the processing industry.

City funds are earmarked for the development of the rural economy, and with sufficient land and laborers in the countryside, a strong productive force has formed. Farmers are also encouraged to run firms by themselves.

Hainan Takes in Record Sum in Overseas Funds in '94

*OW0912042794 Beijing XINHUA in English 0405
GMT 9 Dec 94*

[FBIS Transcribed Text] Haikou, December 9 (XINHUA)—Tropical Hainan Province, the largest special economic zone in China, approved fewer overseas-funded enterprises this year but took in a record sum of overseas funds.

Statistics from the provincial economic cooperation department show that in the first ten months of this year, the province approved 685 overseas-funded enterprises, into which foreign businessmen had actually put 922.27 million U.S. dollars, increasing by 126 percent the amount of last year's same period. Of these, 421 businesses were in the service trade, accounting for 61.5 percent of the total. 243 are in industry and 21 in agriculture.

Sources from the department said that most of the investors are from Hong Kong, followed by Taiwanese business people, and then by Americans.

Henan Propaganda Department Holds Briefing

HK0912101594 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 7 Dec 94

[FBIS Translated Excerpt] Yesterday afternoon the Propaganda Department of the Henan Provincial CPC Committee held a news briefing, during which Zhang Yuxiang, director of the provincial price bureau, reported on the province's price situation to make the people thoroughly understand the cause of price hikes, government measures for controlling prices, and the results of implementing these measures.

Zhang Yuxiang said: The general situation in the province is good, but from January to October, the retail sales index of commodities rose by 19.6 percent over the same period of last year; the people's consumption index rose by 24.5 percent; and the price index of agricultural production materials rose by 23.3 percent. This year's price hikes in the province are characterized by the following: First, prices have gradually increased; second, the prices of all kinds of commodities have gone up; third, food prices and service charges, which are closely related to people's lives, have risen by a wide margin; fourth, rural price hikes are higher than in the cities; and fifth, factors causing price hikes are very conspicuous.

Zhang Yuxiang analytically pointed out: Prices are the comprehensive reflection of national economic development. Factors directly causing excessive price hikes are: First, excessive price increases in grain and cooking oil in 1993, which triggered price rises in markets; second, this year the State Council has introduced price reform measures to the electric power supply, crude oil, processed oil, natural gas, chemical fertilizers, steel, coal, grain, cotton, and some construction costs for administrative institutions; and third, prices have risen spontaneously. [passage omitted]

The New Year and the Spring Festival are approaching. The people are worried about continued price increases during the two festive occasions. Zhang Yuxiang said: Viewed from the general trend, the general level of prices will not rise by a wide margin; prices will stabilize at high levels. The provincial party committee and government have put market supply and price management during the New Year and Spring Festival on their agenda. The provincial government will soon introduce measures to strengthen price management.

Southwest Region

Official on Natural Gas in Sichuan

OW0912103394 Beijing XINHUA in English 1019
GMT 9 Dec 94

[FBIS Transcribed Text] Beijing, December 9 (XINHUA)—The natural gas annual output in southwest China's Sichuan Province will reach 10 billion cubic meters by the end of this century, according to an official from the China National Petroleum Corp (CNPC).

Zhou Yongkang, deputy general manager of the CNPC, made the prediction after he completed an inspection tour of the province.

To meet the target, Zhou said, another 4 billion cubic meters of natural gas reserves have to be verified.

Zhou called on the provincial administration on petroleum to make efforts to prospect more natural gas reserves in eastern Sichuan Province.

New pipelines and supporting facilities are to be built for the increased annual output of 4 billion cubic meters of natural gas.

Meanwhile, technology upgrading will also be carried out to stabilize the output in the old natural gas fields in southern and southwestern Sichuan, Zhou said.

The official said that the annual output of petroleum in central Sichuan will be maintained at 300,000 tons.

China targets the annual natural gas production at 20 billion to 25 billion cubic meters for the year 2000, according to Zhou.

Sichuan: Help Sought For Industrial Pollution

HK0912040794 Beijing GUANGMING RIBAO in Chinese 17 Nov 94 p 6

[By staff correspondent Lin Ying (2651 5391): "Cleaning Up Industrial Pollution at Changshou Town a Matter of Great Urgency"]

[FBIS Translated Text] Editor's note: A reader recently wrote to the editorial department of this newspaper reporting very serious industrial pollution in the country town of Changshou, in Sichuan Province, and requesting help from this newspaper with his appeal for an immediate solution. Our reporter visited the town a few days ago to investigate. [end editor's note]

The increasing deterioration of the ecological environment of Changshou, 70 km east of Chongqing, is caused by serious pollution by industrial sewage, emissions, and waste, and is affecting the normal lives of the 125,000 residents. In the course of this investigation, a comrade with the county's environmental protection agency told this reporter: "It has become so bad that we, who live next to the Chang Jiang, have no drinking water and dare not breathe deeply on a hilltop."

Changshou is an industrial satellite for Chongqing, producing light industrial, textile, and chemical products. The county-town's economy relies on the chemical, textile, food, paper-making, and building material industries, and there are also 17 large or medium-sized central, provincial, or city-level enterprises. Five of the country's 300 most polluting enterprises listed by the State Environmental Protection Agency are located in Changshou. The serious polluters concentrate on the east and west sides of the county-town, running along on the back of Chang Jiang like a crescent. On the east are, chiefly, the Changshou Main Chemical Plant, the Chongqing Metal and Alloy Plant, the Anding Paper-Maker, and the Changfeng Chemical Factory, which occupy an industrial area about 160 m lower in elevation than the town proper. On the west are the Sichuan Dyeing Factory and a vinylon factory, the terrain there is also slightly depressed. These two polluting groups surround the county-town like a pair of "pincers, belching out" toxic and harmful gas, making the lives of the residents miserable. Monitored data show that the county-town annually emits 8,396,830,000 marked [biao 2871] cubic m of industrial gas, 15,552 tonnes of which is sulfur dioxide, 3,176 tonnes smoke, and 1,844 tonnes of dust, apart from massive toxic and harmful chlorine hydrogen

and hydrocarbonic particles. Factories and residents in the county-town also burn liberal amounts of high-grade sulfuric, autochthonous coal, which emits high percentages of ash and causes serious coal and smoke pollution. The situation becomes even worse in the fall and winter, when it is windless and foggy. Residents are enveloped by very filthy air, have to cover their faces or noses with their hands, and to cough and shed tears; they are miserable.

Industrial sewage from Changshou also has seriously polluted the Chang Jiang. The county-town discharged a total of 45.85 million tonnes of industrial sewage in 1993, 12,660 tonnes of which was of a type that consumes oxygen during chemical breakdown, 26 tonnes of the petroleum kind, 1.68 tonnes of evaporative phenol, and 0.65 tonnes of 6-valence chromium. Monitored data showed that mercury, evaporative phenol, and coliform measurements in the Changshou section of the Chang Jiang had vastly exceeded the three levels set by the state. The whole of the Changshou coastline along the Chang Jiang is completely polluted, cutting off water supply to the town's water supplier. The supply of drinking water to the town's population has become a serious concern, demanding immediate government effort. After hard work, the government was able to tap the Taohua Stream, a branch of the Chang Jiang near Changshou, which now supplies drinking water for the town. But the streamflow ceases during annual dry seasons, when residents will have problems getting water supplies.

The comrade at the Changshou Environmental Protection Agency attributed the main causes of the long-running, serious pollution to unplanned industrial locations; the backward equipment and production techniques of old enterprises; the unfavorable geographical and climatic conditions obstructing the dilution and dispersal of atmospheric pollutants; the huge environmental cleanup bills owed by old enterprises, leaving them powerless to mount any cleanup; and large and medium-sized state-owned enterprises' lack of funds for environmental treatment, having been plagued by a general recession in recent years.

With the construction of the dam for the Three Gorges project, the average speed and width of flow at the Changshou section of the Chang Jiang have slowed and shrunk 20 and 37 percent respectively from before the dam was built, making it more difficult for pollutants to disperse and worsening coastal pollution, which not only poses a greater hazard for Changshou residents, but also seriously threatens the water quality of the entire reservoir area. Concerned people are calling for an immediate cleanup of the industrial pollution at Changshou.

Tibet Steps Up Oil, Natural Gas Exploration

HK0912072694 Beijing ZHONGGUO XINWEN SHE
in Chinese 1145 GMT 25 Nov 94

[By correspondents Luo Bu (3157 1580) and Shao Qun (1421 5028)]

[FBIS Translated Text] Lhasa, 25 Nov (ZHONGGUO XINWEN SHE)—The Tibet Autonomous Region has begun the early phase of preparations for the exploration of oil and natural gas. Geological prospecting for this purpose is going well and will soon close the book on Tibet's historical lack of oil.

Information provided by the relevant departments of the Tibet Autonomous Regional Government shows that there is a wide distribution of marine sediment from the Mesozoic era at Tibet's northern plateau, an area of the Tethys geological system with rich potential for oil and natural gas. With over 10,000 m of uncorrupted sedimentary rocks, the prospects for oil and natural gas finds are promising. Prospecting teams from the Ministry of Geology and Mineral Resources have been exploring northern Tibet's grasslands for approximately four years, beginning in 1990. Two of the three wells drilled this autumn revealed oil and natural gas deposits.

From next year to the end of this century, apart from stepping up efforts to complete explorations to ascertain the volume and quality of oil and natural gas deposits, Tibet will also be holding exploration feasibility hearings and making preparations.

The authorities concerned stated that the discovery and exploration of oil and natural gas in Tibet is highly significant for the region's economic construction.

Yunnan Meeting on Rural Intellectual Development

HK0912040994 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 7 Dec 94

[FBIS Translated Text] A provincial meeting on rural intellectual development ended in Kunming yesterday. Pu Chaozhu, secretary of the provincial party committee, made an important speech on 5 December.

He said: The decisive factors for developing the social productive forces in this new period are science and technology and improving the quality of laborers. The economy must be transformed, and education must focus on economic construction. Invigorating Yunnan by means of science, technology, and education is not empty words. Party and government leaders at all levels must consider this problem from a strategic height, and must put it in the first place of their work.

Pu Chaozhu continued: Education has its own rule, so professional education must be run in accordance with the distribution of human resources. If a locality wishes to develop an industrial sector, it must strengthen professional education in this respect and train a large number of personnel with junior school education. The elimination of illiteracy in rural areas may be carried out in combination with professional training. In short, the purpose of running education is to train people who are useful to society.

The meeting arranged the work for future rural intellectual development in the province. It pointed out: Rural intellectual development is a long-term, important task. All localities must form rural intellectual development groups headed by principal party and government leaders; establish offices for rural intellectual development; formulate rural intellectual development plans; and fulfill their surveys on rural intellectual resources in all counties within three years, along with the establishment of a network between the provincial and local authorities. In addition, they must build rural technical and professional educational bases, discover good examples to popularize, and actively promote rural intellectual development.

Vice Governor Zhao Shumin attended and addressed the meeting.

Foreign, Domestic Investors Favor Yunnan City

OW0912092594 Beijing XINHUA in English 0919
GMT 9 Dec 94

[FBIS Transcribed Text] Kunming, December 9 (XINHUA)—The scenic city of Dali, in southwest China's Yunnan Province, has become a new hot spot for investment favored by both domestic and foreign investor, a local government official said.

Statistics show that since 1992 the Dali Economic Development Zone has signed investment agreements with 278 Chinese and foreign investors, with pledges totalling 2.94 billion yuan (about 338 million U.S. dollars).

The official said that more than 30 overseas investors have promised to invest in the city. Seven have signed investment agreements worth 303 million U.S. dollars and have actually pumped 640 million U.S. dollars.

Home to Bai, Yi, Hui, Naxi, and other minority nationalities, Dali is a national tourist resort which was among the first group of historic and cultural cities ever listed by the State Council.

In recent years, the official said, the Yunnan provincial government has invested heavily in the city in a bid to improve its investment environment.

A railway and a highway are being built, and both are expected to open to traffic soon, the official said. He added that an airport named after the city, and more than 70,000 lines of program-controlled telephones have already been put into operation.

Efforts to overcome bureaucracy, simplify formalities, and increase work efficiency have also been made as part of the efforts to improve the environment for investment, the official noted.

Northeast Region

Heilongjiang Acting Governor's Plenum Speech

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[Speech by Tian Fengshan, acting governor of Heilongjiang Province, at the third enlarged plenary session of the seventh provincial party committee on 24 November]

[FBIS Translated Text] Fellow comrades, Comrade Qifeng's report delivered at the current plenary session entitled "Emancipate the Mind, Sort Out Ideas, Positively, Open up the Second Battlefield of Economic Development, and Fulfill on Schedule the Objective of Quadrupling the 1980 GNP and Enabling the People to Lead a Comfortable Life" plays a great role in guiding the work of the whole province at present and in the foreseeable future. We should profoundly study and comprehend it and conscientiously implement it.

As suggested and guided by Comrade Qifeng, since July of this year, the central study group of the standing committee of the provincial party committee has gathered three times to concentratively study Volume 3 of the *Selected Works of Deng Xiaoping*. Meanwhile, guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, in close combination with the province's realities in reform, opening up, and economic development, this central study group has also repeatedly and conscientiously discussed and studied how to emancipate the mind, change ideas, profoundly understand the province's situation, clarify the ideas regarding economic development, encourage all fields to fulfill the objective of quadrupling the 1980 GNP and enabling the people to lead a comfortable life. As a result, a unified thinking and common understanding has been achieved. The group has unanimously maintained that the on-schedule fulfillment of the objective of quadrupling the 1980 GNP by the end of this year would exert a profound, far-reaching, and great influence on the entire economic and social development of the province, and therefore we must firmly and unwaveringly fulfill this strategic objective.

1. On Major Targets and General Demands for Quadrupling the 1980 GNP

From now to 2000 is an extremely essential historical period for Heilongjiang Province. During this period, the general tasks and demands for the provincial economic and social development are: Comprehensively accomplish the second-step strategic objective of modernization; initially establish the socialist market economic system; and lay a good foundation for marching toward the third-step strategic objective early in the next century.

We should accelerate economic development. According to the demand of quadrupling the 1980 GNP by the end of this century, the province's GDP should reach 149 billion yuan by 2000 (in terms of the 1990 constant price). Of this, the added value of the primary industry should be 27.9 billion yuan, that of the secondary industry should be 80.2 billion yuan, and that of the tertiary industry should be 40.9 billion yuan. From 1994 to 2000, the newly added GDP should come to 67.6 billion yuan, an increase of 83 percent, or a yearly average increase of 9 percent, 2.8 percentage points faster than the yearly average increase in the previous 13 years. Of this, the yearly average increase in the primary

industry should be 5.6 percent; that of the secondary industry, 8.7 percent; and that of the tertiary industry, 12.8 percent.

We should effect an obvious improvement in economic efficiency. In the process of accomplishing the quadrupling task, we must make great effort to improve the quality of the economy, effect simultaneous increases in various economic efficiency targets and in economic growth rate targets, and, in particular, effect an obvious improvement in the local financial strength. By 2000, the province's per capita GDP should be about 3,800 yuan.

We should initially establish the socialist market economic system. The operational mechanism of state-owned enterprises should be transformed, and modern enterprise systems should be established among most enterprises. A unified, open, competitive, and orderly market system should be established initially. Distribution relations should be brought into better balance. A multi-level, standardized, and unified social security system should be set up basically. The scale of opening up should be expanded and the province's economy should be linked with domestic and world markets. All fields of social and economic activities should be brought into line with the orbit of legalization and standardization.

We should optimize the industrial structure. Agriculture's position as the foundation of the economy should be strengthened, and the bottlenecks to basic facilities and basic industries should be relieved. A number of pillar industries and rising industries, which will bring along the economy, should be established to strengthen the province's competitiveness in world and domestic markets. Backwardness in the tertiary industry should be changed. The ratio of the primary, secondary, and tertiary industries should be changed from 18.9:60.3:20.8 in 1993 to 18.7:53.8:27.5 in 2000.

All the people's scientific, educational, and cultural levels should be substantially improved, and the coordinated development and comprehensive progress in the economy, social undertakings, and science and technology should be achieved. The nine-year compulsory education should be virtually made universal and illiteracy eliminated among young and middle-aged people; and a large number of personnel at various levels and of various specialties should be trained to meet the needs of the modernization drive. The difference between our levels and the domestic and world advanced levels in the major industrial technology and the technology of some key trades should be narrowed, and the contribution of scientific and technological progress to economic growth should be increased to 40 percent. Resources and ecological environment should be effectively protected. The excessive population growth should be brought under control, the population quality notably improved, and Heilongjiang's population kept within 39.9 million by the end of this century. Labor and employment issues should be properly addressed, urban and rural people's

income increased, and the living standards of the entire province upgraded to a moderately prosperous level. Common development should be achieved in urban and rural areas, in different localities, and in different nationalities, and the socialist spiritual civilization should be promoted to a new height.

To attain the above-mentioned tasks and targets, we should persistently proceed from the provincial conditions, follow the objective economic law, make great efforts to open up the "second battlefield" of economic development while improving state-owned industry with large and medium-sized enterprises as the mainstay and agriculture, and actively cultivate new economic growing points. We should uphold the unity and mutual promotion of reform, development, and stability; we should persistently "develop the province with science and education" and truly channel economic development to the track of reliance on scientific and technological progress and on improvement of the quality of laborers; we should persistently "cooperate with the areas south of Heilongjiang and open to those north of Heilongjiang" and open up in all directions; and we should adhere to the series of correct principles, such as the principle of accelerating local development and then making greater contributions to the state. Only by so doing can we comprehensively fulfill the second-step strategic objective of the modernization drive and bring Heilongjiang's economic and social development up to another big historical threshold.

2. On the Arduousness and Possibility of Quadrupling GNP

Judging from Heilongjiang's current economic development, the situation remains very grim and task very arduous for us to quadruple the GNP on schedule.

First, Heilongjiang's sluggish economic development in the preceding 13 years makes it more difficult to achieve the second 100-percent increase on schedule. Our GDP grew at an average annual rate of 6.2 percent in the preceding 13 years, 3.3 percentage points lower than the national average; and it had increased by 1.19 times by 1993. That is, we spent 13 years to achieve an increase of 44.2 billion yuan in the GDP, fulfilling 40 percent of the 300-percent-increase task. In the remaining seven [number as published] years before the end of this century, our annual growth rate should reach 9 percent if we are to achieve an increase of 67.6 billion yuan in the GDP. If the growth rate is lower than 8 percent this year, it must be higher than 9 percent in the coming six years if we are to attain the second-step strategic objective on schedule.

Second, there are too many negative factors in our economic growth. Heilongjiang's petroleum, coal, and forest industries account for 32.1 percent of the entire industry in terms of output value. Due to such objective reasons as dwindling of resources, increase of cost, and changes in market, they have virtually become the "negative factors" in economic growth. Their increase, if

there is any, will be little, and they will continue to restrict Heilongjiang's economic growth rate.

Third, the state-owned economy rises slowly, and state-owned large and medium-sized enterprises, in particular, bear heavy burdens and face many difficulties due to their inflexible mechanism. In the preceding 13 years, the average annual growth of the state-owned economy, which produces 59 percent of Heilongjiang's GDP, was merely 4.9 percent. The added value of state-owned industry registered only a 4.4-percent annual increase, making the total increase 74.2 percent by 1993; and it is expected to increase merely by 1.14 times by 2000. The shortage created by the state-owned economy, especially the state-owned industry, will have to be made up by other sectors of the economy.

Fourth, the new economic growing points are rather weak. The stagnant development of the new economic growing points—nonstate-owned economies such as township enterprises, neighborhood enterprises, nongovernment scientific and technological enterprises, individual and private enterprises, and foreign-funded enterprises as well as the tertiary industry—is an important reason for Heilongjiang's sluggish economic development. In 1993, Heilongjiang's nonstate-owned economies amounted to merely 27.6 percent of the added value of the secondary and tertiary industries, and non-state-owned industry amounted to 23 percent of the entire economy. In the preceding 13 years, 34.9 percent of the entire economic growth was attributed to non-state-owned industry, and the added value of the tertiary industry accounted for 20.8 percent of the gross domestic product. In nonstate-owned economies, township enterprises have accelerated development over the past few years, but are still in the period of small base and low-level quantitative expansion. Neighborhood enterprises, nongovernment scientific and technological enterprises, individual and private enterprises, and the three types of foreign-funded enterprises are virtually in the initial stage of development. Therefore, the scale and efficiency of Heilongjiang's nonstate-owned economies cannot exert significant influence on the entire economy; their role does little to promote the economy.

Fifth, the macroeconomic environment is still rather strained. During the Ninth Five-Year Plan period, the state will not relax control over new investment, and the annual amount of investment will remain at the same level as in the Eighth Five-Year Plan period. Therefore, there will be no great changes in the role of investment in promoting the economy. Heilongjiang is faced with a serious shortage of funds due to the larger amount of loans than deposits; its strained railway transportation creates a prolonged contradiction between transport capability and the goods to be delivered. For this reason, the restrictions created by the bottleneck of funds and transportation will not be alleviated easily, and will even be aggravated due to faster economic growth.

While fully estimating the arduousness in achieving the 300-percent increase, we should all the more have a

sufficient understanding of the favorable conditions and possibility for achieving this increase on schedule. Comrade Qifeng has clearly analyzed and expounded this in his report. Here, I will use some economic factors to analyze the possibility in achieving the increase.

First, the idea for Heilongjiang's economic development has been further clarified. Thanks to the efforts to study the *Selected Works of Deng Xiaoping*, to emancipate the mind in connection with reality, and to deepen the understanding of the provincial situation, the provincial party committee has further clarified the idea for Heilongjiang's economic development: namely, to actively open up the second battlefield of economic development; to greatly cultivate new economic growing points; to establish an initial system of the socialist market economy by the end of this century; and to attain the strategic objective of quadrupling GNP and achieving moderate prosperity while never slackening efforts in the "first battlefield" of economic development, such as agriculture and state-owned enterprises. This idea for economic development as defined by the provincial party committee conforms to Heilongjiang's basic situation, to the demand for developing the socialist market economy, and to the desire of all the people of Heilongjiang. Implementation of this strategic idea will bring about faster economic development in all sectors in the province.

Second, Heilongjiang's agriculture enjoys a substantial foundation and broad prospects for comprehensive development. The state continues to put agriculture on the top of economic work, to intensify agricultural capital construction, and to adopt a series of measures to facilitate agricultural development. This is very favorable to Heilongjiang, a large agricultural province. Our comprehensive grain production capacity has been stabilized at over 45 billion jin, and is crossing the threshold of 50 billion jin, which constitutes a solid foundation for the intensive processing industry focusing on grain and even for the entire economy. The large amount of wasteland, waste grassland, waste hills, waste beaches, and waste water areas constitutes a tremendous potential for comprehensive development and intensive exploitation in larger spheres. New production capacity can be established rapidly as long as we carry out correct and flexible policies, fully mobilize the positive factors of all fields, and intensify efforts to promote scientific and technological progress in agriculture. In line with the target of quadrupling the 1980 GNP, the yearly average growth of the added value of agriculture in the province as a whole must reach 5.6 percent in the coming seven years. Over the past few years, the province has created a trend of accelerating the development of agricultural production. According to an estimation by the planning and statistical departments, agriculture is expected to show an 8.9 percent increase in 1994. If such an increase is achieved, the yearly average growth in the coming six years will decline from 5.6 to 5 percent. Therefore, it is possible for the province not only to

achieve an approximate 5 percent increase in the coming few years, but also to surpass the target.

Third, the accelerated development of nonstate-owned enterprises, particularly of township enterprises, will play an important and promoting role in enabling the province as a whole to quadruple the 1980 GNP on schedule. According to the estimation, the average growth of township enterprises in the coming several years is expected to reach 30 percent. Of this growth, the newly added gross domestic product will be possible to fulfill more than 50 percent of the quadruple task for the coming seven years. Along with the all-out effort made in opening the second battlefield of economic development, the development of nonstate-owned enterprises as a whole will be further accelerated.

Fourth, the tertiary industry has the tremendous potential of accelerating its development, and will promote the economy of the province as a whole to optimize its structure and increase its growth and results. The average growth of the tertiary industry in the coming seven years is expected to reach 12.8 percent and to show a 3.6 percentage point increase over that achieved in the previous 13 years. The province's level of urbanization is higher, and its potential in developing the tertiary industry is very large. The province's proportion of the financial burden the enterprises have to bear has surpassed the national level by 5.4 percentage points. Along with deepening reform, enterprises will gradually change their direction in society and obtain a greater space of development. Improving the market system, broadening opening up, and creating new hot spots in residents' consumption will enable the province's traditional industries across the province—including trade, tourism, and social services as well as the newly-risen industries of science and technology, information, and consultation—to achieve greater development. The tertiary industry has conditions for realizing greater growth.

Fifth, the transformation from the planned economy system to that of a socialist market economy has created new opportunities for the province to deal with the problems of deep-rooted structural and systematic contradictions as well as with serious restrictions on development. The readjustment of prices for farm and sideline products as well as resource products has provided favorable conditions for the province to increase the income of peasants and enterprises and to accelerate the development of extensive and deeply processed resource products and the development of substitute industries in the forestry, oil-drilling, and mining areas. A concentrated campaign to be launched next year by the state to boost state-owned large and medium enterprises will be favorable for large and medium enterprises across the province to obtain vigor and vitality. The enforcement of the strategy of "setting up economic associations with cities in the south and opening the province to the north," and particularly the effort to reinforce dynamics in establishing economic associations with cities in the south, may attract both domestic and foreign funds that

may be used by the province for engaging in the second and deep-going development of natural resources and for turning its strong points of natural resources into economic ones as soon as possible.

In line with the target of achieving 149 billion yuan in the gross domestic product by the year 2000, the province should achieve 67.6 billion yuan of newly-added GNP. If the yearly average growth of agriculture reaches 5.6 percent, of township enterprises reach 30 percent, and of the tertiary industry reaches 12.8 percent, the province may achieve 8.8 billion yuan of newly-added gross domestic products in agriculture, 33.6 billion yuan in township enterprises, and 23.3 billion yuan in the tertiary industry. By excluding the duplicated accounting of added value achieved by primary and tertiary industries in the added value of township enterprises, the total of the newly-added gross domestic product may reach 57 billion yuan. We may quadruple the 1980 GNP on schedule if the increased value achieved by nonstate-owned enterprises is added, and as long as state-owned industrial enterprises achieve about 10 billion yuan in newly added gross domestic product.

3. On the Major Measures of Realizing the Quadruple of 1980 GNP

In realizing the target of quadrupling the 1980 GNP, it is imperative to place the strategic emphasis of economic development on the work of accelerating the development of tertiary industry and nonstate-owned enterprises and of increasing economic results while maintaining a stable increase in agriculture and ensuring a certain growth among state-owned industrial enterprises.

A. We should maintain a steady increase in agriculture. Agriculture is a trade that can stabilize the country. For such a major agricultural province as Heilongjiang stabilizing agriculture means stabilizing the entire economy; with a stabilized agriculture, the province is provided with a reliable foundation for fulfilling the quadrupling task. From now to the end of this century, we should continue to hold high the banner of enabling the people to lead a comfortable life, firmly and unswervingly implement the principle of regarding agriculture as the foundation of the national economy, realize and promote the industrialization of agriculture and the rural economy, and rapidly attain the historical transition from being a major grain province to being a strong agricultural province.

To maintain a steady increase in agriculture, we should first make grain output embark on a higher stage based on the present comprehensive production capacity. According to preliminary plans, the province's comprehensive grain production capacity should reach 50 billion kg by 2000. Major measures to attain this goal are: 1) Giving priority to building up the 22 key state-level agricultural and sideline product base counties and the 36 major grain production counties. 2) Continuously practicing the activity of "invigorating agriculture

through science and education" and extensively popularizing such applicable agricultural technologies as the optimum farming system, model cultivation method, and reserve farmland cultivation method. 3) Increasing the applied amount of farm manure and chemical fertilizer with a view to gradually increasing the level of per unit area yield, and making the per-mu yield of grain increase from 450 kg at present to 550 kg or more. 4) Accelerating the transform of 80 million mu of medium and low-yield farmland, developing 25 million mu of wastelands that are suitable for farming, in groups and by stages, and building a soybean production base with an capacity of 1 million tonnes. 5) Vigorously developing fine-quality agricultural products and increasing the acreage sown to fine varieties of paddy rice, soybean, and wheat according to the principle of developing a highly efficient type of agriculture that provides greater and better yields. 6) Making great efforts to resolve the problem with regard to the relatively low proportion of agricultural investment in the national economic development by raising funds from various sources to continuously increase investment in agriculture. 7) Strengthening the building of agricultural infrastructure, with water conservancy projects as the predominance, improving the conditions of agricultural production, and increasing the momentum of development. By doing so, we can organically combine the increase in grain output with the improvement of economic efficiency and with the strengthening of development momentum, and can make the provincial grain production embark on an even higher stage of development.

We should positively and steadily promote the industrialization of agriculture and the rural economy. This is a major strategic measure to enable the province's peasants and rural areas to march from engaging in small-scale production and small-scale rural economy to engaging in modernized agriculture. This historical change must be realized as quickly as possible. With domestic and world market demands as the guidance, with the improvement of economic efficiency as the center, and under the prerequisite of not changing the household output-related contract system, we should carry out region-based distribution; specialized production; large-scale operations; enterprise-oriented management; socialized services; and multi-layered, multi-formed, and diversified optimum setups for key agricultural and rural economic products and for guiding industries in line with the demand of combining grain production and animal husbandry with enterprises, for combining trade with industry and agriculture, for combining agriculture with science and education, and for combining urban with rural areas. By doing so, we can give rise to several industrial chains, each having its own characteristics. Based on this demand, the province as a whole should make overall plans and conduct serialized development in different economic areas for the 10 key products that have relatively strong local features and competitiveness—namely, livestock and poultry products, vegetable, food grains other than rice and wheat,

green foods, flue-cured tobacco, flax, beet sugar, forest products, "north medicine," and furniture. The province as a whole should also cultivate "dragon head" enterprises, establish production bases, and concentrate efforts on raising the scale and grade of products, on creating brand-name products, and on accelerating industrialization in a bid to create a relatively major climate on domestic and world markets.

We should accelerate the development of "five wastes," with auctioning and leasing as the major forms. There are now more than 70 million mu of waste land, waste pastureland, waste mountain areas, waste beaches, and waste water surface in the province. Fully utilizing these reserve resources of agriculture is a matter that needs the endeavor of the present generation, but will bring benefit to future generations. All localities should accelerate the auctioning of the "five wastes" under the prerequisite of strengthening environmental protection and avoiding destroying ecology. We should conscientiously implement the policies and measures set forth by the provincial government to encourage the auctioning of the "five wastes," and should attract enterprises and persons inside and outside the province and the country to the province to engage in development of the "five wastes" in a bid to exploit and utilize the province's idle resources to the maximum.

It is necessary to deepen rural reform and persistently promote development with reform. On the basis of comprehensively carrying out the party's policies toward the rural areas, perfecting the system of linking centralized management with decentralized management, and protecting and mobilizing the peasants' enthusiasm, we should focus rural reform on developing and setting up a rural market system, being conducive to guiding the peasants to enter the circulation spheres, and promoting the industrialization of the agricultural and rural economy as well as the socialized service system. It is necessary to set up wholesale markets in industrial areas, industrial centers, and product distributing centers; to set up country fair trade markets in towns and townships; and to establish, in a step-by-step manner, multi-channelled, less-linked, open-typed circulation networks so as to frame a bridge linking agriculture with the peasants. In carrying out the rural socialized service system, we should take village-level cooperative economic organizations as a foundation, rely on specialized economic and technological departments, be supplemented by the peasant-run service organizations, and form various multi-layered service systems involving various sectors of the economy. Simultaneously, we should develop rural markets; positively carry out the rural shareholding cooperative system in line with the principle of "positive assistance, ceaseless improvement, and step-by-step standardization;" and further do a good job in reducing the peasants' burdens.

B. We should ensure the proper growth rate of the state-owned industrial enterprises. Our province's state-owned industrial enterprises account for a larger proportion in the overall national economy. The slow and

low-efficiency development of the state-owned industrial enterprises in the previous 13 years was a major factor affecting the realization of the province's quadrupling target. Therefore, achieving the development of state-owned industrial enterprises with a focus on large and medium-sized enterprises and ensuring a proper growth rate of these enterprises is an important guarantee for preliminarily setting up the socialist market economic system and quadrupling the GNP by the end of this century. We should grasp the favorable opportunity that from next year, the state will pay attention to tackling problems in achieving the development of state-owned large and medium-sized enterprises to make efforts to achieve the reform, transformation, and reorganization of state-owned industrial enterprises; to enliven and achieve the development of two thirds of state-owned large and medium-sized enterprises; and to comprehensively enter the market economy.

We should comprehensively reform the state-owned industrial enterprises with the focus on setting up the modern enterprise system, realistically attend to the trial implementation of the modern enterprise system among 33 enterprises, gradually expand the number of the enterprises carrying out this system on a trial basis; and lay a good foundation for comprehensively conducting reform. According to the state unified arrangement, Harbin and Qiqihar should conscientiously achieve the trial work of optimizing the capital structure and enhancing enterprises' vitality, make efforts to resolve some major difficulties in enlivening enterprises; accelerate the implementation of the corporate system among enterprises, continue to develop and perfect the shareholding system, and ensure that by 2000, more than 50 percent of large and medium-sized enterprises be reorganized into shareholding ones. A group of enterprises should be selected to carry out the system of management on a commissioned basis, further accelerate the reform of the property right system among state-owned enterprises, and basically accomplish the task for reforming the property right system of these enterprises by next year. State-owned large and medium-sized enterprises should positively pioneer the "second battlefield," and encourage and support enterprises to carry out the "one-plant and multi-system" policy. The plants, mines, and workshops relatively independent from enterprises as well as the economic entities organized with surplus personnel and unused equipment are allowed to adopt appropriate ownership forms, property organizational forms, and management forms to exercise independent management and assume sole responsibility for their own profits or losses. Enterprises' reserve service departments, collective enterprises, and enterprises' subordinate units should be reorganized into new economic entities to cater to the needs of society. Enterprises should develop a diversified economy with a focus on developing one industry. State-owned large and medium-sized enterprises, particularly large-sized and extraordinarily large ones and the natural resource-oriented enterprises with comparatively unitary product

mix, should appropriate capital and equipment in a well-planned manner; transfer a group of managerial, engineering, and technological personnel; adopt the management mechanisms applied by town and township enterprises and three types of foreign-funded enterprises; and gradually ensure to support the development of major industries with sideline occupation and to support the development of major industries with minor ones. We should positively draw close to powerful enterprise groups, overseas trans-national groups, and large enterprises. We must positively make auxiliary reforms catch up with the enterprise reform, achieve the separation of government functions from enterprise management particularly, and strengthen the dynamics of carrying out the social security system. We should basically accomplish the tasks for reforming the state-owned enterprises in line with the above measures.

We should further accelerate enterprises' technical transformation with the aim of upgrading their technology and equipment and increasing the competitive edges of their products. In view of Heilongjiang's aging industrial equipment and products and lack of competitive edges, the focus of the technical transformation should be put on the integration of machinery and electronic industries as well as on intensive processing of raw materials. We should continue the "1132" project (technically transforming 100 large and medium enterprises, developing 100 highly competitive products, completing 300 key technical transformation projects, and importing 200 pieces of high and new technology) and make great efforts to develop products with a high level of technological, high added value, and greater competitive edge. Through technical transformation, we should turn Heilongjiang into a base area for the production of complete sets of power station equipment, large and heavy machines and equipment, radial tires, tools and measuring instruments, small and medium bearings, paper-making machines, building materials, flax fabrics, forest products, and special steel and aluminum materials—our traditionally superior 10 trades which are up to domestic and advanced world levels. In this way, traditional industries will skip the period they need to catch up with others, and will win economic efficiency like others. Regarding the methods for technical transformation, we should combine transformation with reform, establish a mechanism to motivate enterprises to pursue technological progress, and make enterprises the major investors in technical transformation. We should pay attention to transforming traditional industries with high and new technologies, and should guard against low-level overlapping transformation. We should adopt various transformation methods simultaneously, such as transformation through "grafting" by foreign firms, "shareholding-oriented" transformation through cooperation of similar and relevant enterprises, and transformation through the "transplantation" of the advanced technology from abroad. Transformed enterprises should implement new mechanisms, and should never wear new shoes to walk old roads.

We should make great efforts to improve the production setup and reorganize enterprises, with industrial restructuring as the major task. The most fundamental reason for Heilongjiang's sluggish industrial development lies in old pillar industries, which are declining day after day, coexisting with new pillar industries, which have yet to take shape; also, in particular, in the lack of burgeoning industries compatible with the development of the era. To lift industry from this predicament, we should resolve the "disconnection" of pillar industries and should cultivate and develop new pillar industries that are closely related to each other and that have a powerful influence on the entire economy and a large share of the marketplace. Specifically speaking, we should raise the level, expand the scale, and industrialize our superior products. Proceeding from its current economic and technological advantages, Heilongjiang should concentrate efforts on the development of the motor vehicle and spare part manufacturing industry, focusing on the Harbin Aircraft Plant's production of 100,000 minicars, Dongan's production of 150,000 engines, and Mudanjiang's production of 600,000 car air conditioners; on the development of the fine chemical industry backed by Daqing's production of 480,000-tonne ethylene and by the renovation and expansion of several oil refineries within the province; on the development of the food industry, with grain, sugar, milk, and animal by-products as raw materials; on the development of the electronic industry sustained by Harbin's Shuangtai electronic city and Mudanjiang Kangjia's production of 1 million televisions and 150,000 stereos; and on the development of the pharmaceutical industry, which produces highly competitive antibiotics and other raw-material medicine, bio-engineering medicine, and such ready-made Chinese medicine as *cōptis chinensis* powder. Heilongjiang should go all out to develop these five major industries. Major measures are as follows: 1) Led by provincial government leaders, the departments in charge of overall economic balance, departments in charge of enterprises, departments in charge of economic levers, and scientific research departments should be organized in a unified manner to establish teams to promote and tackle the difficulties of each industry in a coordinated manner. 2) Focusing on these five major industries, enterprises should be reorganized; led by "dragon-head" enterprises, relevant trades and enterprises should be organized to develop cooperation and establish several large enterprise groups. 3) Preferential treatment should be given to these major industries in terms of policies, funds, and materials. 4) State-owned, collective, private, and foreign-funded enterprises should be developed simultaneously. After three to five years of hard work, we should turn these five major industries into the important ones in order to support and lead Heilongjiang's economic development. Meanwhile, we should pay special attention to industrializing high and new technology. It is necessary to give full play to the influential role of the two state-grade high and new technology industrial development zones in Harbin and Daqing and of colleges, universities, scientific research

institutes, and high and new technology parks, organize efforts to tackle technical problems in biological engineering, computer and supporting equipment, optical fiber and digital communications, robots, and new materials, and support several scores of high and new-tech enterprises each with an output value exceeding 100 million yuan and profits and taxes exceeding 10 million yuan. The province should achieve initial results in industrializing high and new technology by the end of this century, and should base on this to realize optimization and upgrading of industrial structure and enable development of industrial economy to enter a new stage.

We should comprehensively strengthen enterprise management with improving quality, reducing consumption, and increasing efficiency as the main content. We should outstandingly grasp quality control and continue to implement the "brand-name product strategy" and the measure that "all achievements will be negated if the quality is poor;" unswervingly attend to cost management, conduct activities on contrasting the consumption level of "100 red-banner" enterprises with those of domestic and international enterprises of the same trade and products of the same categories, and formulate scientific and strict cost management targets and systems; strengthen operation and marketing management, exert efforts to overcome the situation that some "enterprises cannot adapt themselves to the market," realistically change the pattern of production-supply-marketing into one of marketing-supply-production, further strengthen the building of marketing contingents, raise the quality of salesmen, and continue to implement the sales contract responsibility system. Meanwhile, we should establish sales networks, adopt flexible sales means, develop the sales channels, and form a rapid and sensitive market reaction mechanism. In enterprise management, we must strengthen the building of enterprise leading bodies and set up a contingent of outstanding entrepreneurs. The whole province should rapidly place the building of ranks of entrepreneurs high on the agenda, boldly select and employ people with the quality of a modern entrepreneur, never use the methods and standards of selecting government functionaries to select entrepreneurs, and actively create conditions for outstanding entrepreneurs to come forward.

C. We should actively develop tertiary industry and nonstate economy. Opening up the "second battle field" of economic development is one of the strategic measures for comprehensively invigorating Heilongjiang's economy. The whole province should conscientiously implement the "decision on opening up the second battle field of economic development" which will soon be issued by the provincial party committee, and while maintaining a steady increase in agriculture and guaranteeing a definite growth rate in state-owned industry, actively develop tertiary industry and the nonstate economy. By the year 2000, we must realize the following objectives: The nonstate economy should account for more than 60 percent of the GNP, the output value of township enterprises should top 200 billion yuan, and

the proportion of tertiary industry in the gross domestic product should attain or approach the national average.

In the development of tertiary industry, the priorities should be placed on accelerating the establishment of the socialist market system, gradually establishing the urban and rural socialized service system, and developing and perfecting the social security system. We should give priority to developing communications, posts and telecommunications, banking, and trades that affect the overall national economy and play a leading role in this aspect; and develop commerce, trade, materials, tourism, catering and service trades, real estate, and cultural and sports undertakings that require small investment, yield quick returns and good efficiency, and provide lots of employment opportunities, and all kinds of traditional professions and new industries that are closely related to economic development, scientific and technological progress, opening up, and the people's living.

In developing nonstate-owned enterprises, we should give priority to developing township enterprises. These enterprises present an important pillar and new force of opening up the "second battlefield" of economic development. The province should rely to a great extent on the leaps and bounds of township enterprises in improving the backwardness cropping up in comparison with advanced provinces and in realizing the strategic target of quadrupling the 1980 GNP and of striving to become better-off. Township enterprises across the province should maintain their forceful growth trend and achieve sustained, rapid, and healthy development. Continuous efforts should be made to enforce the "project" of letting township enterprises achieve extra development; to uphold the drive of developing township enterprises through multiple channels; and to have township (town), village, household, and associated households establish enterprises simultaneously. In line with the second development of natural resources and the multiple increase of value, we should vigorously develop the industries in charge of extensive and deep processing, and should encourage these industries to realize 100 billion yuan in output value. We should enforce standardized expedition in development and do well in establishing 100 small industrial zones and building up small cities and towns so as to enable township enterprises and the construction of small cities and towns to rely on each other and mutually achieve development. We should also have township enterprises actively associate and cooperate with large urban industries so as to enable both to supplement each other in strong points. A good job should be done in helping township enterprises eliminate their "burdens" and in supporting them to develop. Efforts should be made to direct and organize township enterprises to readjust their structure, to apply new technologies, to increase the variety of new products, to strengthen their competitiveness, to upgrade their quality as a whole, and to make practical contributions to the province's programs of developing the economy and making the people wealthy. Civilian-run

science and technology enterprises should bring into play their new mechanism and strong points in scientific and technological integration. They should gear their services to markets; study and work out advanced scientific and technological results; commercialize these results; and create conditions for making progress in the fields of standardization, industrialization, and internationalization. Individual-run and privately-owned enterprises should broaden their development space; extend their emphasis to the production field and scientific and technological front; promote the improvement of their products in grade and level; and achieve development in standardized operation and shareholding systems. The province as a whole should foster a large number of large and medium enterprises with new and stronger practical strength through efforts made over several years, through the self-expansion of nonstate-owned enterprises of various categories, and through the mutual merger of enterprises with various ownership.

In adopting measures to achieve development, we should first boldly go all-out to create a relaxed environment for accelerating development. Various localities and departments should earnestly implement or apply existing policies successfully, flexibly, and satisfactorily with regard to fostering new economic growing points in line with the criterion of "three advantages." On the premise of enjoying sales in markets and of achieving economic results, we should uphold the principle of letting enterprises develop what they can and develop as fast as possible and as long as they are capable. We should not place restrictions on them in scope, proportion, and speed, and should allow them true relaxation. In line with the principle of "giving preferential and lenient treatment to enterprises and simplifying procedures for them", comprehensive and lower departments in the economy as well as supervisory departments should render more services for them and interfere less. Efforts should be made to relax restrictions on newly-opened tertiary industrial enterprises, township enterprises, civilian-run scientific and technological enterprises, and individual-run and privately-owned enterprises. Except for special industries and trades, we should change the system of approving the establishment of enterprises into one of registering in line with the law. It is also necessary to simplify the procedure for approving the establishment of three categories of foreign-funded enterprises. Except for industrial and commercial departments and the people's court, no department has the right to seal up enterprises and to revoke their business licenses. Second, we should increase the volume of investment in line with the principle of conducting assistance first and withdrawal second. Finance, banking, and insurance departments should adopt every possible way and means to raise funds and readjust the structure of investments and loans to support the development of tertiary industrial enterprises and nonstate-owned enterprises. In releasing funds, we should increase the proportion of loans released to tertiary industrial enterprises; should treat various economic sectors

equally, without discrimination; should break the demarcation lines among various types of ownership; and should support those that have achieved rapid development, achieved marked economic results, and made large contributions. From now to the end of this century, the provincial financial department should arrange a certain sum of money for the working funds of developing tertiary industrial enterprises and civilian-run scientific and technological enterprises, and should give them interest discounts. The banking department should set aside part of its loans for a special fund to support the development of nonstate-owned enterprises. We should also increase the volume of investments made in individual-run and privately-owned enterprises as long as their products enjoy brisk sales, have property for mortgage, and can offer reliable economic guarantees. If possible, specialized banks may open such mortgage businesses as real estate and stock businesses in the economic sectors other than the state-owned one and may give priority to these economic sectors in settling accounts and arranging foreign exchange. While giving full play to the role of such financial institutions as investment groups, stock companies, credit cooperatives, and foundations, we should extensively attract social funds and the funds in the places outside the province and the country and use these funds to increase the economic investment in the tertiary industry and in the economic sectors other than the state-owned one. Third, we should support township and town enterprises as well as district and neighborhood enterprises with more professional talents and technologies. We should decontrol scientific research institutes and give scientific and technological personnel a free hand in doing research by persisting in the principle of controlling basic studies and basic technological studies and decontrolling technological development, public welfare, and public service organs. Technical and managerial personnel should be encouraged to leave state-owned enterprises and scientific research institutes and go to township and town enterprises as well as district and neighborhood enterprises to contract business or give technological service. Scientific research personnel should be encouraged to hold party-time jobs or engage in a second job on the premise of doing their professional jobs well. Retired scientific and technological and managerial personnel should be encouraged to go to townships (neighborhoods) to serve plants and to initiate or guide the operation of township and town enterprises, district and neighborhood enterprises, and the people-run scientific and technological enterprises. The scientific, technological, and managerial personnel who have made outstanding contributions should be given awards and commendation. Fourth, we should energetically develop and raise the service level of such service organs as market information organs, technological consulting organs, project storage and assessment organs, talent exchange and training centers, lawyers' and notary agencies, and accounting and auditing organs, that are aimed at serving township and town enterprises, district and

neighborhood enterprises, individual and private enterprises, and the foreign-funded enterprises of three types.

D. We should further expand the scale of opening up. This is a major strategic measure to fulfill the quadrupling task. We should continue to implement the principles of "cooperating with the south and opening to the north, and opening to all directions of the outside world," and make the opening up gradually develop towards high levels, more spheres, and good quality to bring along the development of the entire economy. By the end of this century, the province's total import and export volume should come to \$10 billion.

We should regard the absorption of foreign investment as the focus of opening up. In carrying out the strategy of "cooperating with the south and opening to the north," we should increase the dynamics of the cooperation with the south. We should strengthen the association and coordination with the developed provinces and regions in southeast coastal areas, should adopt diverse forms to bring in the funds, technology, professional talents, markets, and advanced managerial experiences of southeast coastal areas, should build a number of export product processing enterprises, should renovate a number of medium-sized and small enterprises, should develop a number of export-oriented and foreign exchange-earning products, and should organize a number of industrial and trade groups spanning several provinces and regions. We should continue to attract foreign investment in a planned way and from diverse levels and channels for key construction and renovation projects and should search more markets in western Europe, the United States, Japan, the ROK, Southeast Asia, the CIS, and eastern Europe. We should choose some good projects to positively win and boldly use the funds of the World Bank, the Asian Bank, foreign governments, and private financial groups. The contracts signed or the agreements of intention reached during the Harbin Trade Fair and other trade fairs held in the places outside the territory should be carried out unsafely. We should adopt effective measures to resolve in a relatively short period of time the problems that the foreign-funded enterprises of three types in the province are not sufficient in number, not large in scale, not high in efficiency, and not many in business.

We should continue to exploit the favorable conditions of border areas in opening to the outside world. We should give full play to the role of Harbin as an open capital city and the role of Heihe, Suifenhe, and Tongjiang as border open cities to consolidate and develop the barter trade, to actively expand the spot exchange trade and economic and technological cooperation, to accelerate the building of transnational economic cooperative areas, to actually raise the overall layer and level of the border local trade, and to upgrade the strategy of opening border areas to the outside world. At present, we should make great effort to improve the quality of border trade enterprises, readjust the structure of export products, and enhance the quality of products,

the prestige of our commerce, and the competitiveness of our enterprises. We should also conscientiously study the new circumstances and problems emerging in the border local trade. Based on the changes in the exchange rate and tax system, customs and commodity inspection departments should help border trade enterprises resolve difficulties in a proper and flexible way. We should strive for establishing organs of Chinese banks in Russia. We should strengthen the ties between the local governments of China and Russia and adopt more trade between the governments to reduce the risks in border trade. We should step up the first-phase preparations for establishing transnational free economic zones. Meanwhile, in view of the fact that the no. 33 document issued by the State Council will soon expire, we should organize personnel to conduct study and win preferential policies for border trade from higher authorities to ensure the sustained and healthy development of the opening up of border areas.

We should diversify the strategies for opening up. Faced with the new situation of the intense competition in the world and domestic markets and, in particular, the coming of the time for China to reenter GATT, we should be more active in pioneering the world market, strive to change the long-standing small share of the market and irrational pattern, and open up larger market share and larger room for maneuver for Heilongjiang's opening to the outside world and development of foreign economic relations and trade. We should adopt every means to expand spot exchange trade, actively adjust the import and export product mix, continue the preferential policies encouraging exports, and continue to expand the contracts for construction projects abroad and labor service exports. Great efforts should be made to cultivate new growth points of foreign exchange earning, pay attention to supporting the export-oriented township enterprises, give them guidance, and provide favorable conditions for them to expand exports. We should be determined to push large and medium-sized enterprises to the world market. On the one hand, we should take every means to sell their products and adopt the international practice on our own accord in the standard for production technology, the prices of products, and the methods for operation. On the other hand, large and medium-sized enterprises where conditions permit should actively participate in transnational business, set up shops or plants overseas, or join the transnational conglomerates abroad so that they can directly enter the world market.

We should strive to create a still better investment climate. In the construction of tangible facilities, we should take advantage of our hosting the third Asian Winter Games to intensify construction and improvement of infrastructural facilities, with the focus on building an international economic and trade passageway characterized by highway, road-sea, river-sea, and airway thorough transport. The emphasis is on the

construction of such large central cities as Harbin, Qiqihar, Mudanjiang, Jiamusi, Daqing; the repair and construction of the Harbin Airport, the Harbin-Suihe, Harbin-Tongjiang, and Beian-Heihe highways, and the Heihe highway bridge on Heilong Jiang; the opening at the earliest possible date of the air routes from Harbin to Moscow and St. Petersburg through Irkutsk and New Siberia, from Harbin to the United States and Canada through Khabarovsk, from Harbin to the ROK through Russia, and from Harbin to Japan; and the establishment of the optical fiber communications networks within the province and linking to foreign countries. While improving the tangible facilities, we should attach great importance to the construction of intangible conditions. We should further formulate a series of policies attracting foreign capital and lift control on foreign investment in the tertiary industry and infrastructure; lift control on the proportion of shares in the industries not related to the national economy and people's livelihood; and lift control on the amount of products to be sold within the country. Anything that is compatible with the general principle of opening to the outside world can be regarded as a special case and discussed separately. We should further rationalize the system for the management of the work of promoting foreign investment. In the institutional reform, the joint office will be reformed in such as way that all the projects of the three types of foreign-funded enterprises will be registered, approved, and managed at the same office. Following this principle, the provincial establishment commission should conduct study with relevant departments and offer opinions. We should protect according to the law the legal rights and interests of foreign firms and the three types of foreign-funded enterprises, respect their autonomy in production and management, prohibit any violation of policies to create difficulties, and ban the collection of unwarranted donations, fees, and fines.

E. We should strive to improve economic efficiency. Economic development includes the increase of growth rate and improvement of efficiency. Without the increase of growth rate, economic efficiency will be out of the question; and without the improvement of efficiency, the economic growth rate cannot be increased continuously. We should achieve unity between growth rate and efficiency in the process of quadrupling the GNP. All the fields of economic work should give prominence to efficiency, which is the center; and all production and business activities should be focused on improving efficiency.

It is necessary to increase the benefits gained from investment. At present, the amount of benefits gained from investments is very low. The provincial planning committee's investigations and assessments of the 68 capital construction projects that began operations over the past years showed that only one fourth had a good management situation, 54.4 percent of the projects suffered losses, the investment profit rate was minus 0.71 percent, and the investment profit and tax rate was only 0.07 percent. From now on, we must realistically pay

attention to increasing the benefits from investment, avoid creating waste and adding new burdens, and activate investment's role in supporting and promoting the realization of the goal of quadrupling the 1980 GNP. We should persistently use market economic methods and mechanisms to develop projects, introduce competition mechanisms, carry out the project owner responsibility system and the system of inviting or entering bids, and ensure that the projects with vast markets and high profits and taxes go into operation and create efficiency as scheduled. In line with the principle of acting according to capability and doing the best, we should accurately handle the relationship between large and small projects, pay equal attention to state assistance and self-endeavor, and try our best to develop large projects with certainty of development when the capital collection situation is good. Simultaneously, we should develop increasingly more small and medium-sized projects with less investment, short construction periods, and fast and good results so as to attain the target of low investment, high output, and fast accumulation. From now on, the projects, no matter what sizes they are, must not be approved if the capital is not put in place. We should persist in the principle of developing less new projects and more reconstruction projects, and relying on sciences and technologies to expand the production scale. No new projects should be developed if the old ones can be transformed. We should gradually increase the proportion of the investment in local technological transformation in the total investment in fixed assets. The on-going projects, new projects, and the projects covered in the Ninth Five-Year Plan should be readjusted according to aforementioned requirements.

We should increase the benefits from the use of capital. One of the important reasons for our province's strain on capital is low benefits from the use of capital and capital stagnation. So, we should enliven the existing capital, make good use of the increased portions of capital, and accelerate the turnover of capital. Enterprises should develop production according to market demands; persistently ensure to increase the output of readily marketable products, to control the output of ordinarily marketable products, and to stop the output of the products kept in stock; and do a good job in reducing stockpiling and promoting sales. We should positively clear up debts and accelerate the turnover of capital. The raw materials in short supply and the readily marketable products must not be delivered until payments are made. Only by so doing will we be able to prevent the phenomena of owing new debts as soon as the old ones are cleared up. The readjustment of the credit structure is the fundamental way for increasing the benefits from use of capital. We should positively support the enterprises and projects with good markets and efficiency, particularly the state-owned enterprises influencing the national economy and the people's livelihood and having good markets and good economic results, the tertiary industry, town and township enterprises, neighborhood-run enterprises, three types of foreign-funded enterprises, new high-tech

industries, and civilian-run scientific and technological enterprises. The banking departments and the financial departments should cooperate with one another and increase allocation of technological transformation and developmental loans with deducted interests. We should positively collect funds for key projects as well as the funds to coordinate with the assimilation of foreign capital so as to make full use of limited funds and to use "small amounts of money" to do great things.

We should increase enterprises' results. Over the past few years, the annual deficit amounts of our province's enterprises has been around 3 billion yuan. Therefore, all trades and professions and all categories of enterprises should pay prominent attention to turning deficits into profits in the course of reform, transformation, and management. We should attend to halting deficits while we attend to ideas of reform. The money-losing enterprises should find ways out in the course of changing mechanisms according to the forms of "one plant and various systems," state ownership and civilian management, contract and leasing, amalgamation and auctioning, joint investment and cooperation with foreign traders, and free transfer of property rights between state-owned enterprises. The money-losing enterprises should expand the dynamics of bankruptcy. The enterprises whose assets cannot pay their debts, that are hopeless to halt deficits, and that are not able to pay their debts should declare bankruptcy in the course of readjustment and reorganization if conditions permit. It is necessary to make good use of banks' preparatory funds for bad debts. The enterprises that have gone bankrupt are allowed to arrange staff members and workers with the money gained from selling property rights and land. From now on, the government should no longer take on everything of enterprises and should help establish the mechanism that efficient enterprises survive and the others die out. The system that leaders assume responsibility for halting deficits should be established. Towards cadres of the enterprises running at a loss, their promotion and continued employment should be determined by their performances in halting deficits. Towards the enterprises running at a loss due to poor management, their total payroll should be linked with their targets of halting deficits. Before fulfilling the targets of halting deficits, no bonuses should be issued. The leading bodies without the ability of halting deficits should be reorganized immediately. Beginning next year, governments at all levels should set up a deficit halting fund which should be brought into line with the local financial budget. The amount of deficits sustained by enterprises throughout the province should be reduced by about 10 percent every year in order to gradually improve the economic efficiency of enterprises.

F. We should create an even more relaxed environment for accelerating economic development and for fulfilling the quadrupling task. To accelerate economic development and fulfill the quadrupling task by the scheduled time, we must have a relaxed social environment.

Further emancipating the mind and changing ideas is the precondition to create a relaxed environment that is conducive to economic development. The concentrative studies on three occasions of the central study group of the standing committee of the provincial party committee have brought about another ideological emancipation throughout the province and have already exerted and are exerting great influence on the development of Heilongjiang's economy. However, because Heilongjiang Province has, to a large extent, been affected and restricted by the planned economy, it is impossible to resolve all the problems with regard to ideas, concepts and economic development through two or three emancipations of the mind. Moreover, along with the development and changes in the economic situation and objective things, it is also impossible to emancipate the mind once and for all. At present and in the future, all levels and all fields in the province must continue to further emancipate the mind in establishing the market economic system and promoting economic development. In the meantime, in thinking of things, handling affairs, and making policy decisions, we must base ourselves on helping to fulfill the quadrupling task, improving economic efficiency, and improving the people's living standards. It should also be stressed that to fulfill the strategic objective of quadrupling the 1980 GNP, we must persist in the ideological line of seeking truth from facts. All localities and all departments should truly attain the quadrupling task by proceeding from realities. We should not only emancipate the mind to accelerate our economic development but also truly attend to our work and guard against fraudulence and exaggeration.

To implement the provincial party committee's strategic idea on economic development and to ensure the fulfillment of the objectives of quadrupling the 1980 GNP and enabling the people to lead a comfortable life by the end of this century, the key lies in implementation. It must be defined that firmly and unswervingly fulfilling the quadrupling task by the end of this century is the center and the overall situation of all the work in the province. Party organizations and governments at all levels and all their departments must consciously and positively submit themselves to this overall situation. We should reexamine the past behaviors, perfect our development path, and make good arrangements for our work according to the demand of quadrupling the 1980 GNP. What should be stressed particularly is that the principles and policies formulated by the provincial party committee and the provincial government to establish the socialist market economic system, accelerate economic development, and fulfill the quadrupling task must be implemented resolutely by all localities and all departments. The economic management, inspection, supervision, and economic lever departments should correctly exercise the powers in hand. On the one hand, we should not use the planned economic forms and means to organize and manage the market economy, and on the other hand, delay or resist the implementation of relevant policies

and measures just because reform and development are contrary to the interests of departments, extort money from enterprises, or make things difficult for them. The law and discipline enforcing organs should safeguard and protect economic development, properly handle the relationship between attack and protection and between the handling of cases and service, strictly distinguish between mistakes in reform and economic crimes, and realistically protect those real reformers. The central and provincial units should accurately handle the relationship between departments and regions, and be proficient in flexibly using the relevant policies and stipulations of "departments" to support local economic development. It is necessary to safeguard and enhance the authoritarianism of governments and guarantee that government orders can be smoothly and effectively carried out in a unified manner. We should formulate and improve methods and mechanisms for implementing and promoting this work. In line with the demand of comprehensively carrying out this work and making breakthroughs in key areas, the provincial government leading members, while assuming responsibility for grasping the work assigned to them, will divide their work force to handle the work of leading industries and major economic sectors during the whole province's economic development and grasp it as a huge project. Provincial-level departments, and all prefectures, cities, and counties are the main bodies for implementing this project. All localities and departments should assign the targets to all levels in accordance with the tasks they have shouldered on quadrupling the GNP and attaining the level of moderate prosperity, doing a good job in running state-owned enterprises and agriculture, opening up the "second battlefield" of economic development, carrying out second and intensive development of natural resources, and cultivating new economic growing points, do a good job in implementing the responsibility system, strengthen supervision and inspection, and grasp this work through to the end until desired results are achieved.

Governments at all levels should improve and strengthen macroeconomic regulation and control in accordance with the internal demands of the market economy. In line with organizational reform, we should realistically change government functions and establish a macroeconomic regulation and control system that combines economic measures with legal means, and essential administrative means. This requires efforts to gradually establish and improve industrial policy, the planned target guiding system, the economic supporting, regulation, and supervision system with financial, taxation, banking, and auditing policies as the main bodies, the social security system with unemployment, old-age pension, and medical care as the main content, and the improved and coordinated market system including the commodity markets and the markets for the essential production factors, in an effort to realistically change the government's microeconomic regulation and control behaviors into macroeconomic ones, from mainly using

administrative means to mainly relying on economic and legal means, and from direct management into indirect management, make the governments not to handle things that are not under their management or things that they cannot do well, and realistically and effectively perform their government functions.

Comrades, it is of great strategic significance to quadruple the GNP by the end of this century. Even though we will experience lots of difficulties and complications during this process and will have to overcome numerous difficulties, we may realize the objective of quadrupling the GNP on schedule by the end of this century and fulfill the second step of the strategic task of developing the economy in three steps as long as we mobilize and organize the people across the province to enhance spirit, work with one heart and one mind, and engage in arduous struggle under the correct leadership of the provincial party committee, and work unwaveringly in accordance with the economic development ideology defined at this plenary session.

Northwest Region

Qinghai Reports Record-High Exports

*OW0712163194 Beijing XINHUA in English 1511
GMT 7 Dec 94*

[FBIS Transcribed Text] Xining, December 7 (XINHUA)—Northwest China's Qinghai Province has topped its record export figure last year of over 100 million U.S. dollars-worth of goods, according to an official of the Ministry of Foreign Trade and Economic Cooperation.

By the beginning of December Qinghai had exported about 112.26 million U.S. dollars-worth of goods, a rise of 12.23 percent, the official said.

The traditional export items of carpets, cashmere, non-ferrous metals, Chinese caterpillar fungus and ferrosilicon all witnessed sharp growth, he said.

The shipment of carpets rose to 6.54 million U.S. dollars-worth from 3.64 million U.S. dollars-worth in 1993, and the export of nonferrous metals increased by more than 100 percent.

In addition to foreign trade corporations, factories which have recently been entitled to handle export business themselves, have performed well in venturing into the international market.

The year 1994 also saw Qinghai's joint ventures exporting their products for the first time since their establishment.

A Haiyuan Carpet Factory financed by a Hong Kong Company has exported carpets worth 180,000 U.S. dollars so far this year.

Five New Sino-Foreign Ventures Open in Shaanxi

*OW0812145494 Beijing XINHUA in English 1448
GMT 8 Dec 94*

[FBIS Transcribed Text] Xian, December 8 (XINHUA)—Five new Sino-foreign ventures opened today under the Xianyang Pianzhuan Group Company, China's largest manufacturer of scanning yokes for TV sets, based in Xianyang, in northwest China's Shaanxi Province.

To date, the company has launched eight joint ventures together with companies from Italy, Japan and the Republic of Korea.

Investment in the ventures exceeds 20 million U.S. dollars, half of which has been contributed by overseas partners, a Xianyang official said.

He said that the establishment of the ventures will increase his company's annual scanning yoke production capacity to eight million units, from 1.7 million units at present.

At least 90 percent of the raw materials will be domestically produced, he said.

Since its establishment in 1990, Xianyang has manufactured 9.2 million scanning yokes, generated 150 million yuan in profits and taxes and exported 6.6 million U.S. dollars-worth of goods, he said.

Two-thirds of the company's products will be for export, he added.

Over 300 Killed in Xinjiang Theater Fire

*HK0912115794 Beijing ZHONGGUO XINWEN SHE
in English 1132 GMT 9 Dec 94*

[FBIS Transcribed Text] Urumqi, December 9 (CNS)—A fatal fire broke out in the Friendship Hall in Karamay, a city of the Xinjiang Uygur Autonomous Region, last evening and led to serious casualties. Some 1,000 secondary and primary students were attending a theatrical performance when the blaze occurred.

Witnesses said that shortly after the performance began, an electric lamp in the stage burst into flames and a nearby screen curtain caught fire. Persons on the scene believed the fire was small at early stage and tried to put it out on their own. The flames were, however, soon out of control later and spread rapidly. Performers and spectators were thrown into confusion and rushed at the same time to the exit.

The fire lasted for two hours and was finally extinguished by fire fighters. As of the dispatch of this news story, the actual casualties were unknown.

In the wake of the incident, various major hospitals in Karamay were involved in the treatment of the wounded. The secretary of the Xinjiang Party committee and leading officials of the autonomous government

arrived at the city later that day. Medical teams from Urumqi, Shihezi and Kuytun rushed to give a helping hand.

The incident is now under investigation for the cause.

310 Confirmed Dead

HK0912054394 Hong Kong AFP in English 0536 GMT
9 Dec 94

[FBIS Transcribed Text] Beijing, Dec 9 (AFP)—At least 310 schoolchildren and adults have perished in a cinema blaze in the oil town of Karamay in northwestern China's Xinjiang province, a local education commission official said by telephone Friday.

The official said 130 people—including primary and middle school students, teachers and parents—were wounded in the fire Thursday evening in the central Friendship Hall cinema.

He said an estimated 754 people had been in the cinema watching a song and dance performance at the time of the fire, the deadliest since the founding of the People's Republic of China in 1949.

A local Xinhua reporter said the blaze broke out at 7:30 p.m. (1130 GMT), adding that "about 300 people" had died, mostly students between six and 12 years old.

An investigation into the disaster, believed caused by an electrical short circuit, was launched immediately and is still underway, he said.

A China New Service correspondent in Xinjiang described the situation as "horrendous."

"The rescuers were all crying because, amid all the chaos, they couldn't distinguish the dead from the living among the hundreds of children. They simply rushed all the victims to the hospital and only then were able to check who was alive," he said.

Most of the children belonged to the families of workers at the local oilfield, some 400 kilometres (250 miles) northwest of Xinjiang provincial capital Urumqi, the Xinhua reporter said.

The blaze occurred less than two weeks after what had been communist China's most deadly fire, when 234 people were killed in a discotheque in the city of Fuxin in northeastern Liaoning province.

Fires across China have killed more than 1,500 people so far this year, reflecting the woeful lack of safety precautions in Chinese public buildings and factories.

Worst Blaze Since Nation's Founding

HK0912053594 Hong Kong AFP in English 0447 GMT
9 Dec 94

[FBIS Transcribed Text] Beijing, Dec 9 (AFP)—Some 312 schoolchildren have perished in a blaze in a cinema in the oil town of Karamay in northwestern China's Xinjiang province, a spokesman for the China Oil and Gas Corp., which owns the cinema, said.

The spokesman, speaking in Beijing, said he had received details of the death toll—the highest in any single fire since the founding of the People's Republic of China in 1949—from the corporation's Karamay office.

Some 1,000 children were watching a song and dance performance in the Friendship Hall cinema Thursday evening when the fire broke out, according to the Guangming Daily newspaper.

The cause of the fire remains under investigation, but a Karamay foreign affairs official said it may have been caused by an electrical fault.

At least 100 injured have been admitted to hospitals in the town, an official from the local health bureau said.

Nearly all the residents of the town are the families of workers at the local oilfield, some 300 kilometres (180 miles) northwest of Xinjiang provincial capital Urumqi.

The fire occurred less than two weeks after communist China's previously most deadly fire, which killed 234 people in a discotheque in the city of Fuxin in northeastern Liaoning province.

Fires across China killed more than 1,500 people this year.

Foreign Ministry Spokesman Views U.S.-Taiwan Ties

HK0912035294 Beijing ZHONGGUO XINWEN SHE in Chinese 1351 GMT 8 Dec 94

[FBIS Translated Text] Beijing, 8 Dec (ZHONGGUO XINWEN SHE)—Foreign Ministry Spokesman Chen Jian ruled out this afternoon the possibility of Jiang Zemin meeting Li Denghui [Li Teng-hui] in Singapore next year. He said: "First, I have not heard anything about it. Second, I do not believe such a meeting will take place."

Chen Jian made the above remarks in answer to a Taiwan reporter's question at a routine news briefing on the afternoon of 8 December.

He added: The Chinese Government's position on the Taiwan issue is consistent and clear-cut; that is, China always favors direct contacts and meetings between leaders of the two sides of the Taiwan Strait with a view to promoting cross-strait communication and the peaceful reunification of the motherland. But, at the same time, it also has consistently stressed that these types of contacts and meetings should take place in the channels that already exist between the two sides, not at international events—because this involves the principle of "two Chinas" or "one China, one Taiwan."

Speaking on the so-called Taiwan "space to exist," Chen Jian said: If Taiwan people hope to develop economic relations and trade exchanges and cooperation with people in all parts of the world as well as to have economic ties or various other relations with all quarters concerned, "We can understand this and do not intend to stop them." From this angle, there is no such question of the Chinese Government compressing Taiwan's space to exist. If "space to exist" means political status, it involves the principle of the peaceful reunification of the motherland. We must hold a firm and clear-cut position on this issue by unequivocally opposing attempts to introduce "two Chinas," "one China, one Taiwan," or "Taiwan independence." We do this out of the fundamental and long-term interests of the entire Chinese people, including Taiwan people. The Taiwan authorities talk about "space to exist" so much because they

seek to create "two Chinas" or "one China, one Taiwan" in the international arena and "therefore, we must resolutely oppose it."

He said: As far as Asia-Pacific Economic Cooperation [APEC] is concerned, the practice or pattern it currently adopts reflects the clear distinction between China and Chinese Taipei: It allows Chinese Taipei to join APEC as a regional economy, to participate in discussing various economic issues and the activities of its various working groups. In the meantime, it clearly provides for the ranks of Taiwan participants in the meetings of APEC leaders. As for the question of China's rejoining GATT, for which talks are being held, we can agree that Taiwan should join GATT as an independent tariff region under the "one China" principle after China has rejoined GATT. This also embodies the correct position of resolutely safeguarding one China politically and allowing Taiwan to have extensive exchanges and contacts economically.

On the question of the U.S. Government elevating U.S.-Taiwan relations, Chen Jian stated Chirac's official position: That the U.S. Government has sent its cabinet secretary on a visit to Taiwan over the opposition of the Chinese side represents a serious step toward elevating U.S.-Taiwan relations. This seriously violates the principle of the three Sino-U.S. joint communiques and conflicts with the repeated U.S. promise of not having any official contacts with Taiwan. The Chinese side has expressed its resolute opposition to and intense dissatisfaction with this move and has made solemn representations to the U.S. side. We resolutely demand that the United States observe the principles in the three joint communiques and keep its promise not to develop official relations with Taiwan so as not to interfere with and hinder the development of Sino-U.S. relations.

Correction to Editorial on U.S.-Taiwan Contacts

HK0912065494

The following correction pertains to the item headlined "Editorial Criticizes U.S.-Taiwan Contacts", published in the 7 December 1994 China DAILY REPORT, page 67:

Column two, first full paragraph, penultimate sentence make read: ...the 36 stratagems, reconciliation [he 0735] is the best. The purpose of... (rewording)

Li Teng-hui Meets Japanese Dietman
*OW0912091294 Taipei CNA in English 0829 GMT
9 Dec 94*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Dec. 9 (CNA)—President Li Teng-hui reiterated on Friday [9 December] his long-pursued ideal of seeking progress amid stability, saying that political stability is inextricably linked to securing sustained development for the nation and happiness for the people.

In a meeting with Fujio Masayuki, chairman of the Japanese Dietmen's Association for Sino-Japan Relations, at the Presidential Office, Li said haste makes waste, particularly in political reforms. Achievement can be possible only by carrying it out step by step in a rational manner, he said.

Li told Masayuki that despite the absence of diplomatic relations between Japan and the Republic of China (ROC), long-lasting ties between the two countries are undeniable and are becoming increasingly close.

In return, Masayuki said he admired the successful performance by all people in Taiwan in the just-concluded gubernatorial and mayoral elections, in which Taiwan demonstrated a mature political democratization which is enviable for people in the rest of the world.

Masayuki, accompanied by Yasumi Hashimoto, a chief administrator of the Dietmen's Association, arrived in Taipei Thursday for a brief visit.

Masayuki, a heavyweight in Japanese politics, has been a dietman for 11 consecutive terms. He has also served as minister of labor and education.

Business Leader Says Clinton 'Indecisive'
*OW0912111994 Taipei Voice of Free China in English
0200 GMT 2 Dec 94*

[FBIS Transcribed Text] A prominent ROC [Republic of China] businessman Wednesday [7 December] blamed U.S. President Bill Clinton for being too indecisive on foreign policy matters, especially on the policy toward Taiwan. ROC-U.S.A. Economic Council Chairman Jeffrey Ku made these remarks at a news conference following the end of a joint annual conference of the U.S.-ROC and ROC-U.S.A Economic Councils.

Ku has been vocal in demanding the United States revise its Taiwan policy and acknowledge Taiwan's economic stance and its close trade ties with the United States. Ku said this year's annual conference is the most successful in its 18 years history. He added the presence of the U.S. secretary of transportation, Federico Pena, at the meeting showed the importance the United States has placed on the annual meeting.

Ku has often been described as ROC's de facto ambassador-at-large because of his active role in international community.

Institute Predicts 6.65% Economic Growth in '95

*OW0912090194 Taipei CNA in English 0825 GMT
9 Dec 94*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Dec. 9 (CNA)—Taiwan's gross domestic product (GDP) will grow 6.65 percent next year, the government-funded Chung Hua Institute for Economic Research forecast Friday [9 December].

The institute said the global economy is expected to continue picking up steam in 1995 and the world trade will also become more open and brisk following the conclusion of the Uruguay Round of trade talks under the General Agreement on Tariffs and Trade (GATT) earlier this year.

Against this background, the institute said, the Taiwan economy will grow even faster in the coming year, with the annual GDP growth rate reaching an estimated 6.65 percent.

The institute also forecast this year's GDP growth rate at 6.43 percent, higher than 1993's 6.32 percent. GDP is the broadest measure of a country's total production of goods and services, excluding personal and corporate earnings from abroad.

Meanwhile, the institute predicted that merchandise and service exports will rise 6.36 percent next year, while imports will increase 5.57 percent.

Private-sector consumption and investment will pick up 7.43 percent and 12.84 percent respectively in 1995, while government consumption is expected to drop 1. [figure indistinct] percent under the cabinet's austerity program, the institute said. Investment by state-owned enterprises will decline 8.72 percent, but government investment will increase 7.84 percent.

As Taiwan's foreign trade surplus is not expected to shrink next year, appreciation pressure on the new Taiwan [NT] dollar will remain. The institute forecast the average exchange rate between the local currency and the US dollar at NT\$26.23-US\$1.

The consumer price index will grow at an annual rate of 3.44 percent next year, falling below the government set 3.5 percent ceiling, the institute predicted, adding the rate will also be lower than this year's [word indistinct] percent. The wholesale price index will grow 1.3 percent in 1995, lower than this year's 1.85 percent.

The institute also quoted US-based Wharton economic forecast associates as predicting that the world economy will grow 3.4 percent next year, with Asian countries expected to post the biggest GDP growth.

Meanwhile, the International Monetary Fund predicted that the free trade accords reached in the Uruguay Round of talks under the General Agreement on Tariffs and Trade will create an additional income of US\$250 billion worldwide next year.

Textile Exports Hit 16 Year High

*OW0912084094 Taipei CNA in English 0753 GMT
9 Dec 94*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Dec. 9 (CNA)—Taiwan's textile exports reached US\$12.82 billion in the first 11 months of this year, making textiles the island's largest foreign exchange earner, according to government tallies.

The amount was 16.1 percent higher than the year-earlier level and exceeded whole-year export totals registered in any of the past 16 years, the Taiwan Textile Federation (TTF) said.

TTF officials attributed the export boom mainly to continued recovery of the world textile market. They predicted that total textile exports will hit US\$14 billion this year.

During the January-November period, fiber and fabric exports amounted to US\$8.59 billion, up 25.3 percent from the year before; garment exports declined 7.7 percent to US\$2.33 billion; and overseas sales of other textile items totaled US\$1.9 billion, up 14.5 percent.

The officials further said Taiwan's garment exports dropped to a record low during the January-November period because of substantial rises in labor wages and material costs.

Noting that clothing exports will continue to decline in the years ahead, the officials said local ready-to-wear manufacturers should formulate new export strategies and upgrade production technologies and product quality.

Increased Energy Imports From Indonesia Planned

*OW0912112094 Taipei Voice of Free China in English
0200 GMT 9 Dec 94*

[FBIS Transcribed Text] Economic Minister Chiang Ping-kun Wednesday [7 December] said the Republic of China [ROC] will increase energy purchases from Indonesia and strengthen cooperation ties with Jakarta in energy resources development. Chiang made the remarks at the end of the ministerial ROC-Indonesian energy meeting in Denpasar, Bali.

Chiang said Taiwan has decided to purchase more coal, crude oil, and natural gas from Indonesia. The ROC state-run Taiwan Power Company agreed to buy up to (words indistinct) from Indonesia. The company plans to import 16 million to 17 million tons of coal a year in 1995 and 1996. In 1997, Taipower's annual coal import will exceed 19 million tons. Another state-run enterprise, Chinese Petroleum Corporation, also agreed to purchase an additional 1.9 million tons of liquefied natural gas annually from Indonesia.

Indonesia has become the third largest oil supplier to the ROC after Saudi Arabia and Kuwait.

Hong Kong

Beijing To Appoint SAR Chief Executive in 1996

HK0812140794 Hong Kong Television Broadcasts
Limited in English 1200 GMT 8 Dec 94

[From the "News at Eight" program—passages within italics are recorded]

[FBIS Transcribed Text] The chief executive and top civil servants in the future SAR [special administrative region] Government will be appointed in 1996, according to the members of the Preliminary Working Committee [PWC]. Their fourth plenary meeting opened in Beijing today and was marked by renewed calls for cooperation from Britain. Annabel Roberts reports.

[Roberts] "According to Hong Kong delegate Tam Yiu-chung, the PWC has proposed the preparatory committee for the future SAR government be in place by the end of 1996. It will consist of up to 150 people, half of whom will come from Hong Kong, but its headquarters will be in Beijing. Its delegates will nominate a chief executive who will in turn oversee appointments to the provisional Exco [Executive Council] and Legco [Legislative Council]. It will then be up to members of Exco to appoint a number of top civil servants according to the Basic Law. The chief executive, the top officials, and provisional Exco and Legco will be appointed in 1996, but not in power until July 1997. Delegates to the PWC will vote on this blueprint on Saturday [10 December] and it is expected that it will not be changed in the future. Meanwhile, there are calls for the British Government to change its attitude to the PWC. Chairman Qian Qichen says that British Foreign Secretary Douglas Hurd's expressed desire to strengthen ties between his government and the Chinese should result in Britain acknowledging the committee. Otherwise, relations will not improve."

[Qian Qichen in Mandarin] *We hope that the British Hong Kong Government will start afresh in its attitude toward the Preliminary Working Committee and will show sincerity. This will be conducive to a smooth transition in Hong Kong and to its prosperity and stability, and will also be conducive to improving Sino-British relations.*

[Roberts] *This full plenary session of the PWC will finish on Saturday.*

Consult With HK Leaders on SAR

HK0912071094 Hong Kong HSIN PAO in Chinese
7 Dec 94 p 2

[Report: "Jiang Zemin, Li Peng Personally Solicit Suggestions on Candidates for Chief Executive of Hong Kong"]

[FBIS Translated Text] This reporter has learned that Beijing has speeded up its pace in working out a list of candidates for the chief executive of the Hong Kong

Special Administrative Region [SAR], which is to be founded in 1997. In this connection, CPC General Secretary Jiang Zemin and State Council Premier Li Peng, through their subordinates, are seeking advice from some noted figures of Hong Kong. Those who have been approached even include a few members of the Executive Council [Exco], the highest policymaking organization of the Hong Kong Government, as well as some officials at the secretary level.

As disclosed by some Hong Kong figures who have been approached by the Beijing authorities and by the Hong Kong branch of the XINHUA News Agency, Beijing is now focusing on two categories of people as potential candidates for the post of chief executive. Civil servants make up the first category, among whom are the incumbent chief secretary, Anson Chan Fang On-sang, and the former secretary for education and manpower, John Chan Cho-chak, who is now working with the Kowloon Motorbus Company after quitting his government post. Non-civil servants constitute the other category, including Henry Fok Ying-tung, incumbent vice chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee, Henry; Lo Tak-shing, Preliminary Work Committee [PWC] member and Hong Kong affairs adviser; and Sze-yuen Chung, former senior member of the Exco and incumbent PWC member and Hong Kong affairs adviser. All have been designated as possible candidates for the post of chief executive, and opinions are being solicited about each one.

More People Are Being Consulted This Time Than Before

It has been said that this round of consultations began about three weeks ago, and those who have been approached this time have not been confined to the traditionally pro-China figures. This round of consultations is also of a higher standing than the previous routine consultations conducted by the three organs in charge of Hong Kong affairs—the Foreign Ministry, the Hong Kong and Macao Affairs Office of the State Council, and the XINHUA Hong Kong branch. This indicates that the policymakers in Beijing have set great store by this round of consultations. Some noted figures have even been invited to visit Beijing to raise their views on the topic face to face with Beijing officials. The XINHUA Hong Kong branch here has also followed up this matter over the past few weeks, taking the initiative in approaching a wide range of people, including leaders of the business circles and a few senior Hong Kong Government officials.

Some people who have been consulted estimate that the Beijing authorities have advanced the selection of candidates for chief executive to a date much earlier than originally scheduled in the Basic Law, according to which the SAR preparatory committee will not be set up before 1996, and the preparatory committee will in turn elect the chief executive. However, the Beijing authorities have already begun to busy themselves looking for

candidates for the chief executive—two and a half years before the 1997 hand-over. One of the reasons for this is that CPC senior leader Deng Xiaoping is not in good health, and the Beijing authorities intend to designate a chief executive as soon as possible so that Deng Xiaoping can endorse the nomination, which will minimize future controversy. An earlier designation of the chief executive will also help establish a leadership in Hong Kong to exercise supervision and to counterbalance Chris Patten's government, thus ensuring that China will still be able to smoothly take over Hong Kong even without British cooperation and that Hong Kong affairs will not be dominated by Chris Patten and the new Legislative Council [Legco] that will be elected in next September according to Patten's constitutional reform package.

By the way, opinions on the selection of candidates for the chief executive diverge among those Hong Kong consortium bosses who have frequented Beijing to meet with Chinese leaders, and the suggestions submitted by pro-China groups, such as the PWC, the Hong Kong affairs advisers, and the Hong Kong members of the CPPCC National Committee, vary remarkably. For this reason, Beijing has decided to consider this matter more seriously. The scope of consultations has been expanded recently, and a member of the central top leadership has been assigned to take charge of the consultation process. The results of this round of consultations will be used to supplement the reports and proposals submitted by the Foreign Ministry, the Hong Kong and Macao Affairs Office, and the XINHUA Hong Kong branch.

The Candidates Under Consideration Fall Into Two Categories

According to several business leaders who are close to the Chinese side, Beijing is selecting candidates for the chief executive based primarily on two considerations: First, they must be trusted by Beijing; second, they must be acceptable to the Hong Kong people. Apart from the several favorite candidates, such as Henry Fok Ying-tung, Lo Tak-shing, and Sze-yuen Chung, a few others are under consideration, among whom are Larry Rong Zhijian, chairman of CITIC [China International Trust Investment Corporation] Pacific Limited; Ti-liang Yang, chief justice; and Lee Yip-kwong, former chairman of the Hong Kong United Stock Exchange.

An Exco member from the business circles personally noted that Beijing would be doing a good thing if it more widely solicited opinions from Hong Kong people on the selection of candidates for chief executive. An official at the secretary level said that, if Beijing decides to nominate Lo Tak-shing as chief executive, it is believed that many senior officials would resign because they would not be able to accept such a nomination. Comparatively speaking, Sze-yuen Chung would be a better choice.

It is reported that Li Ka-shing, chairman of Cheung Kong (Holdings) Limited, has repeatedly reminded Beijing that business personalities are not suitable candidates for the chief executive post. This view is widely

endorsed by the business circles in Hong Kong who believe that civil servants or prestigious and professional competent non-businessmen are more suitable candidates for chief executive, because they are more likely to remain unbiased and they are more trusted by the public.

Qian Qichen Discusses Hong Kong Issues

*OW0812135494 Beijing XINHUA in English 1339
GMT 8 Dec 94*

[FBIS Transcribed Text] Beijing, December 8 (XINHUA)—Issues discussed by the Preliminary Working Committee (PWC) for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) have provided a framework for the preparation of the forming of the SAR, Qian Qichen, vice-premier and director of the PWC, said today in his opening speech of the fourth plenary meeting of the PWC.

After reviewing the work of the PWC under the Standing Committee of the National People's Congress in the past year since its establishment, Qian pointed out that the topics so far under discussion by the PWC have been wide-ranging, concerning all aspects relating to the establishment of the SAR government, Hong Kong's economic development and the Hong Kong people's livelihood.

"It has been proved correct for the PWC to list on its agenda the major issues concerning the smooth transfer of Hong Kong and the vital interests of the Hong Kong people, and make comments and proposals in accordance with related stipulations of the Basic Law," he noted, adding that "this has already won approval and support from the Hong Kong people".

Commenting on the work of the PWC, Qian said that it is going on smoothly in compliance with the set plan and the timetable.

"The work benefits from the favorable domestic and international situation we are now in", he said, adding that "the most effective support for our work of resuming sovereignty over Hong Kong comes from a strong and stable motherland whose international status has been constantly raised".

He said he hoped that the British-Hong Kong authorities would change their attitude and be sincere with the PWC. "This will not only be conducive to the smooth transfer and the prosperity and stability of Hong Kong, but also to improving Sino-British relations," he pointed out.

"In the final period before Hong Kong returns to China, we sincerely hope that Britain will return to the track of abiding by the Sino-British Joint Declaration and co-operating with China. Co-operation will not only be good for Hong Kong and the Chinese mainland, but will also be in the interests of Britain," he stressed.

"British Foreign Secretary Douglas Hurd repeatedly expressed the wish to strengthen Sino-British co-operation, and made some proposals on the Hong Kong

issue during our meeting in September in New York, which we welcomed," he said, adding that practical action is needed in this respect.

Commenting on the launching of a provisional legislative organ, which has been deliberated by the PWC over the past six months, Qian pointed out that the plan is aimed at preventing the emergence of disorder during the transfer period.

"The Chinese side is fully confident that it has the capability to prevent any disorder," he added.

Reviews Progress of PWC

HK0812125994 Beijing ZHONGGUO XINWEN SHE
in English 0940 GMT 8 Dec 94

[FBIS Transcribed Text] Beijing, December 8 (CNS)—At the opening of the 4th Plenary Meeting of the Preliminary Working Committee (PWC) of the Preparatory Committee of the Hong Kong Special Administrative Region, committee chief and Vice-Premier, Mr. Qian Qichen, uses the words "excellent achievements" to evaluate the work of the Committee during the past six months.

According to the resolution of the 3rd Plenary Meeting of the Committee, Qian says, all specialist sub-groups have conducted research work on issues in relation to the stable transition of Hong Kong and made solid recommendations or plans. At the same time, the sub-groups have also explored some new topics for further research. The Administrative Affairs Group, for example, has submitted recommendations as to the setting up of the Preparatory Committee of Hong Kong SAR, the first government of the SAR and the Provisional Legislative Assembly of the SAR; the Economics Group has brought forward the question of the post-1997 handover and administration of the Land Trust Fund; the Culture Group has also put forward issues implicating the names, emblem, flags, official seal of Hong Kong public bodies as well as arrangements on public holidays, names of streets and stamps; the Social and Security Group has also put up proposals regarding questions of the right of abode in Hong Kong of children who are born in China but ascending from permanent Hong Kong citizens; local citizens seeking Hong Kong as their permanent place of residence and also the identity of local citizens returning to Hong Kong from other countries.

Besides, the Economics Group has studied the impact of Hong Kong finance on the united exchange rate system at depth, along with other important issues of Retirement Protection Scheme that has close links with the local community, the relations of Hong Kong and the Mainland finance and trading post-1997, the land and housing policies, the practice to suppress prices of houses launched by the British-Hong Kong government, the need of coordination on giant projects in Hong Kong and the Mainland; whereas the Legal Affairs Group has studied the questions of arrangements of existing Hong

Kong legislations and also legislations pertaining to the provisional legislating assembly.

Qian says that the research and consultative activities made by the Groups have generated very positive dynamics towards the objectives of the PWC. During the past six months, since the formation of the Civil Service Affairs and the Electoral Affairs '63 Group, more candidates with relevant knowledge and experience are co-opted to join the Groups, and the interaction of these new members through various meetings and activities, has broaden the horizon of the Committee and enhanced greater involvements in its work. Through this, the aim of working for and working with the people of Hong Kong is materialized.

So far, the issues which the PWC has discussed have achieved very wide coverage and publicity as far as building up of the SAR government, the economy and livelihood of Hong Kong is concerned. Although they are at the preparation stage, these proposals form a framework of foundation of the new SAR and they are the brainstorming and tireless efforts of all committee members and those who have participated in various activities of the PWC.

Report Outlines Composition of PWC

HK0912065294 Hong Kong SOUTH CHINA
MORNING POST in English 9 Dec 94 p 7

[By So Lai-Fun in Beijing]

[FBIS Transcribed Text] The Preparatory Committee for the post-1997 government would comprise 100-150 members, at least half from Hong Kong, Beijing's working panel on the changeover recommended. A report by the Preliminary Working Committee's (PWC) political subgroup which mapped out the framework of the territory's political institutions during the transition, said the preparatory committee, a body stipulated in the Basic Law, would be established in January 1996. It could decide on substantial transitional matters and would form a Select Committee of 400 people to choose the Special Administrative Region (SAR) chief executive and the provisional legislature.

According to Tam Yiu-chung, a PWC member, the preparatory committee would be based in Beijing with a liaison office in the territory. He said the report did not mention any nationality restrictions on members or their eligibility. PWC members would not enjoy an automatic transfer to the new body.

PWC political sub-group member Professor Lau Siu-kai said its large membership of 100 to 150 would allow a broad representation of various interests and political affiliations. He said there was a need for a large batch of Chinese officials to foster cooperation and build up trust with Hong Kong people. The committee needed the full backing of Hong Kong officials, although Professor Lau said officials should not be members.

The report said a select committee to choose the SAR chief executive designate would be founded in the third quarter of 1996. He should appoint his top advisers—the executive councillors—by the end of that year. That meant the backbone of the post-1997 leadership, formed by the chief executive designate and his appointed senior government officials in the Executive Council would start preparing for the transfer six months before the handover.

In early 1997, the provisional legislative council, which the PWC says is the most feasible option resulting from the absence of the "through-train" arrangement, would be established and would last for less than a year, the report said. It said the temporary body should enact "necessary legislation for the normal operation" of the SAR, but did not specify which laws. However, Professor Lau said the legislation should include that concerning the three-tier electoral system, land leases, immigration, and nationality.

The subgroup recommended that the body should approve budgets, control government finance and expenditure, and endorse the Court of Final Appeal judges and the Chief Justice of the High Court. It should also nominate six members to the Basic Law consultative committee. The report gave the legislature flexibility in dealing with "other necessary matters" ahead of the establishment of the first legislature.

After group discussion on the report, Professor Lau said members favoured a National People's Congress resolution to consolidate the legal basis for the temporary legislature, though that idea was not stated in the report. He said civil servants would have the edge in competing for chief executive-designate, because they had the administrative experience and support from the service. Such a person would appear to be neutral, because of a lack of business interests, he added.

UK Proposes Talks With PRC on Budget

HK0912063494 Hong Kong SOUTH CHINA MORNING POST in English 9 Dec 94 p 7

[By Chris Yeung]

[FBIS Transcribed Text] Britain has put forward a set of detailed proposals for talks with China on the formulation of government budgets. The talks could start as soon as the end of next week's Joint Liaison Group (JLG) meeting in London, it was revealed yesterday.

A source said the British side of the JLG had proposed a "step-by-step" dialogue on the budget, starting with briefings by finance branch officials on the methodology and process in planning and the compilation of the budget. The source said formal consultation would start in 1996 on the formulation of the 1997/98 Budget when the Preparatory Committee for the Special Administrative Region was in place. However, he said Chinese

officials should respect the monetary autonomy of the administration. They should only be interested in understanding the situation.

Britain took the initiative on budget talks following a scathing attack by the retired Chinese JLG leader Guo Fengmin at the end of the JLG plenum in September. He said London had ignored China's demand for talks on "concrete matters" relating to the sovereignty change-over. Mr Guo cited government structure, financing and budgets, and transfer of archives.

In addition to the proposal on budget-related discussions, the source said the British side had handed over a list of government property assets and information about the civil service. These included the staff list, biography, civil service regulations, and work reports of branches.

An official in the Hong Kong and Macao Affairs Office, Zhang [redacted], however, complained that property assets of the Hong Kong Transit Railway Corporation and the Kowloon-Canton Railway Corporation were excluded from it.

The source said the Chinese side had not indicated its demand for information on any particular senior official. He said the two governments should talk less about "individual private files" and more about how the civil service worked. He said the British side would urge China to "unlock" the stalemate over the Container Terminal 9 project. Any blockage of the plan because of political considerations would seriously undermine the confidence of international investors, he said. The source also said the British team, led by Hugh Davies, would try to "get an agreement" with the Chinese side to continue talks about the text of the laws that needed to be adapted to meet the Basic Law.

British officials would also brief the Chinese on the progress of the Government's review on the compulsory pension scheme at the three-day plenum, which starts in London on Wednesday. But no substantial discussion was expected as no final decision had been taken by the administration, the source said. The Chinese side had also raised the need to discuss a government move to introduce a code of practice for information access.

Government To Delay Introducing Appeal Court Bill

HK0912072294 Hong Kong EASTERN EXPRESS in English 9 Dec 94 p 3

[By Sally Blyth, Mary Luk and Wing Kay Po]

[FBIS Transcribed Text] The Government is prepared to delay the introduction of the bill on the court of final appeal [CFA] in order to give China more time to consider it, a British government official said. The indication emerged as Bar Association members last night voted overwhelmingly to reject the bill.

The administration is still adamant that if the court is to be established by 1996, the legislation setting it up has to be approved by Legco [Legislation Council] by the middle of next year, when the current Legco session ends.

Earlier, officials had said that for this timetable to be met, an agreement on the bill had to be reached with China at next week's meeting of the Joint Liaison Group, so that the bill could be introduced into Legco early next year.

However, it is clear Beijing is not prepared to give its blessing at the talks in London next week.

British diplomats have said it is now unlikely that China will "give the nod to the CFA" as they had hoped.

The Government now seems to have taken a more flexible approach over the timing of putting the bill into Legco, with one source admitting this "could now slip to late March" to allow time for further diplomatic discussions after the JLG session, possibly at an expert level. The final decision is expected to be made by the Executive Council early next month.

The draft CFA bill suffered a setback last night as Bar Association members cast a near-unanimous vote to reject it. At the Bar's extraordinary general meeting last night, 24 members voted for an amended resolution objecting to the bill and 15 voted against the motion.

The original resolution proposed by the Bar Council was to reject the bill wholesale as it was inconsistent with the Basic Law and the Joint Declaration. An amendment was put by John Griffiths QC and passed during the special meeting. It adds the clause that the Bar "considers it desirable that the court be set up before 1997, provided it conforms with the Basic Law and Joint Declaration."

More than 130 Bar members attended the meeting, the best attendance of any of the Bar's extraordinary general meetings. The Solicitor-General, Daniel Fung, attended and defended the government's position. An Executive Councillor, Denis Chang, also spoke and suggested a sentence be added to the original motion along the lines of Griffiths amendment.

The Bar chairman, Ronny Wong QC, said: "What we now offer is preservation of the Basic Law and Joint Declaration upon which Hong Kong's security and prosperity depends."

The governor, Chris Patten, yesterday appeared critical of the Bar for opposing the government's bill. "I think that some of the arguments that are put forward against the Court of Final Appeal are very bad arguments indeed," he said. "I find it difficult to understand why some lawyers having taken the position they did in 1991, have so much difficulty in looking again at the arguments and the facts and coming to a different set of conclusions in the interests of Hong Kong," he said.

Marshall Ye's Daughter-in-Law Sues NEXT Magazine

HK0912072894 Hong Kong MING PAO in Chinese 26 nov 94 p A5

[Special Dispatch: "Late Marshall Ye's Daughter-in-Law Sues NEXT Magazine"]

[FBIS Translated Text] Late CPC elder Ye Jianying's daughter-in-law Qian Ningge [6929 1337 2047] brought a suit against the weekly magazine NEXT published in Hong Kong at the Hong Kong higher court for running a libelous article in August, asking the court to issue an injunction and claiming damages from the magazine. The plaintiff is Qian Ningge, wife of Ye Xuanning, second son of CPC elder Ye Jianying. The suit pointed out that a portion of the article entitled "George Tan Is More Shrewd Than Ghosts," carried in issue No. 231 published on 12 August 1994, constitutes slander against her. For this reason, she applied to the higher court for an injunction against the magazine and claimed damages from the magazine.

Article on Prospects for Press Freedom, Part 1

HK0812130094 Hong Kong HSIN PAO in Chinese 10 Nov 94 p 22

[Article by Li Chin-chuan (2621 6855 6898), visiting professor at the Chinese University of Hong Kong: "Press Freedom Is Under Threat in Hong Kong (Part One of Two)"]

[FBIS Translated Text] In another 970 days, the national humiliation of 150 years' of colonial rule over Hong Kong by the British will end. But no feeling of joy is felt in this community. Instead, an increasingly heavy atmosphere presses on the minds of the public. If dramatic changes occur after the return of Hong Kong's sovereignty to its motherland, press circles are bound to sense the straws in the wind, which is why press freedom is a focus of attention.

Since the "Tiananmen incident" in 1989, China-Hong Kong relations have been steadily deteriorating. The Beijing authorities have defined Hong Kong's press community as an "anticommunist subversive base" and have been talking about "river water does not mix with well water," repeatedly sounding the warning that the Hong Kong media will not be allowed to "point their fingers" at mainland politics after 1997.

Piercingly Cold Wind Has Started Blowing in Press Circles

The Basic Law clearly provides against Hong Kong becoming a "subversive base." There should not have been much of a problem with this provision itself. But the only worry is that Beijing will end up monopolizing authority to interpret the word "subversive." In that case, even international human rights organizations would probably not be able to operate in Hong Kong.

How could they possibly tolerate rather sharp criticism from the media? During the Sino-British talks, Deng Xiaoping once boasted that after China took Hong Kong back, people here could carry on cursing the Communist Party, as the Communist Party would not be toppled by cursing. Now that the return of Hong Kong has become a certainty, officials in Beijing headed by the "Jiang core" have lost no time in telling the media in Hong Kong all sorts of things they are not allowed to do. Those Chinese officials who are to be in charge of Hong Kong have already put on a detestable "patriarchal" air even before the time has come. This fully illustrates their lack of confidence.

In recent years, international capital has been concentrating in Hong Kong at an increasing rate, trying to build regional media bases one after another. They are staying in Hong Kong for the time being and are waiting for an opportune time to march into the enormous market of Mainland China. For example, the predominantly Australian multinational media giant Rupert Murdoch [as published] set up a satellite television system in Hong Kong. For fear of offending the Beijing authorities, who are most unaccommodating toward "peaceful evolution," they took the initiative to scrap BBC programs that symbolized "bourgeois liberalization." This is a straw in the wind. Another example is that the "SOUTH CHINA MORNING POST," a paper which has always reflected British Hong Kong interests, has changed hands and has been taken over by Robert Kuok, a pro-China Malaysian Chinese businessman. Many other Chinese-language political magazines which are able to take a strong stand have also been sold to left-wing Chinese businessmen one after another. None of these are good omens for press freedom. Gusts of piercingly cold wind have started blowing all across the press community. Some members of the community are emigrating. Even Li Yi of CHIUSHI NIENTAI has openly admitted that he is going to emigrate to Canada. Those in charge of many media institutions are full of anxiety.

Press Freedom Will Dwindle After 1997

Some journalists or media organizations have already set a precedent of self-criticism, which has caused public concern. The more one talks to Hong Kong journalists who are in the forefront of journalistic work, the more easily one can be affected by their pessimistic outlook on what is happening now. Yet, there are indeed quite a lot of positive cases. To say the least, it seems that the parameters for airing viewpoints in HSIN PAO have not been compromised in the face of reality. These papers and journals are the standard of Hong Kong's press freedom. If and when they change their tone will be the time when they no longer stand up to political pressure.

No one is sure which way press freedom is going to turn after 1997, but it is not altogether impossible to identify the trend. Naturally, however, if "one country, two systems" turns out to be a flop, there will be nothing to

speak of in this regard whatsoever. In terms of intentions, the Chinese authorities probably do want to put it into practice, but knowing the CPC's consistently overbearing way of handling things and the current factional strife in Beijing scrambling for control of the Hong Kong gold mine, one cannot help worry that they might kill the goose that lays the golden eggs. If someone said that the level of press freedom in Hong Kong would rise in the future, I believe even leftists would dismiss this with a snort. If someone said that Hong Kong's press freedom will stay where it is and would neither improve nor deteriorate, people would still not be quite convinced. Most people believe press freedom will decline after 1997. The question is how much.

A 1990 survey by the Press and Media Department of the Chinese University indicated that journalists, no matter whether they were leftists (over 50 percent), moderates (around 70 percent), or rightists (nearly 90 percent), all worried that press freedom will deteriorate after 1997. None of them believed that it would improve. A recent survey commissioned by the Hong Kong Journalists' Association also shows that as many as 60 percent of citizens are worried about dwindling press freedom. There do not seem to be many optimists. It is very hard to cover up what the public are for and what they are against.

The Media Is a Demon-Revealing Mirror

Here, we must make a simple analysis of the nature of Hong Kong's press freedom. Over the past 100 years, Hong Kong has been a haven for Chinese intellectuals during round after round of political struggle. From the struggle between royalists and revolutionaries at the end of the Qing dynasty to the 40-year confrontation between the Kuomintang and the CPC, they were always "thinking of the motherland while in the territory of Hong Kong." The main object of their political comments were the Chinese governments that came into power one after another throughout this period of history, not the British Hong Kong Government of the territory they were temporarily residing in. Indeed, for a long time, the interests of British rule in Hong Kong were not a target of media criticism. There was also a whole repertoire of laws and regulations formed by the British Hong Kong authorities to keep press freedom under check; however, they were not arbitrarily abused.

This continued until about 1970, when the generation born after World War II gradually formed the majority of the population structure. They came to emphasize the initiative of Hong Kong itself and were no longer content with the idea that Hong Kong affairs were a mere extension of Chinese politics. It was not until then that the media began to report things happening around the people of Hong Kong that they were concerned with. After the "Sino-British Joint Declaration" was signed in 1984, there was no more room for maneuver as far as Hong Kong's future was concerned. The press community kept intensifying its criticism of the Hong Kong

Government on the one hand, and, on the other, lashed Beijing's hegemonism and sickleness, which culminated during the "Tiananmen incident."

Hong Kong Media Will Not Keep Dead Quiet

At the moment, the British Hong Kong Government, dubbed a "lame duck," has not only run out of risky moves but even fashionable gestures. But what attitude does the media hold toward the new bosses moving down gradually from the north? The people of Hong Kong have seen too many ugly scenes over the past few years. Some elite speculators who have a keen sense of timing have turned overnight from "yes-men of the British Hong Kong Government" to "yes-men of Beijing." These new aristocrats have no sense of shame and are even insufferably arrogant. The media is a demon-revealing mirror.

The media in Hong Kong will not wait until after 1997 to change: change has actually started. The most significant change in the structure is a reduction in the boundaries of speech. Formerly, the left, the moderates, and the right were sharply divided. But now, the ultra-right cannot survive, the ultra-left is moving toward the middle because of the logic of the market; and the demarcation between the right-leaning moderates (e.g. SING TAO JIH PAO) and the moderate (e.g. MING PAO) is becoming more and more fuzzy. Although market competition has deprived media organizations that used to live on political subsidies of their survival space, the 1997 factor is speeding their extinction. Furthermore, many commercial media organizations have relocated out of the territory to seek protection for their capital.

Besides, papers and journals that are serious in their approach to political criticism will probably go decline. Some magazines are bound to shut down in two or three years. However, magazines like "Next" which use the best resources for entertainment purposes will emerge as the times require. For most people, as long as politics does not get in their way, they will stay out of the way of politics.

My prediction is that the Hong Kong media in the future will not fearlessly criticize the Beijing authorities, but this does not mean they will stay silent. Some say the history of the Communist Party's characteristic hatred of press freedom makes one believe that they will try all possible means to subdue the media and preferably let it follow the example of the neutered media of Singapore. After all, facts have proved that although it has no press freedom, Singapore can still enjoy a high level of economic development, and it is the economic development of Hong Kong that China is most concerned about. In my personal opinion, this viewpoint is a bit too absolute or, at least, is a formalistic fallacy.

Editorial Urges Britain To Cooperate With PWC

HK0912101894 Hong Kong WEN WEI PO in Chinese
9 Dec 94 p A2

[Editorial: "PWC Forwards Development in Hong Kong Situation"]

[FBIS Translated Text] The Preliminary Working Committee's [PWC] Fourth Plenary Session opened in Beijing yesterday. This is an occasion to make a summary of the work done by ad hoc PWC subgroups as well as an important meeting to plan the work in the post-transition period.

Smooth transition has been under threat since Patten adopted a unilateral political reform and dismantled the through-train arrangements (that is, the arrangements, under the conditions whereby China and Britain reached an agreement for the transition of the Legislative Council, with its members returned through elections in 1995, to 1997 and beyond). It is under such circumstances that the Chinese side has made great efforts to rely on Hong Kong people, to set up the PWC, to put forward feasible plans to ensure the Special Administrative Region's [SAR] normal functioning upon its founding, particularly the smooth and effective running of the law, to propose the arrangement for setting up a provisional Legislative Council and to guard against chaos arising in the transition period.

Hong Kong people long for a smooth transition and the preservation of prosperity and stability, so they support the PWC's work. Hong Kong people understand that to genuinely implement the principle of one country, two systems and to carry out "Hong Kong people ruling Hong Kong" policies, they must support the PWC's work and rely on their own wisdom and talent to make preparations for the Preparatory Committee's founding and to dampen the impact which Patten's package may have.

In order to safeguard Hong Kong people's interests, various PWC subgroups have put on the agenda every outstanding issue related to a smooth transition and the Hong Kong people's livelihood and welfare and, after listening to public opinion in various ways, have thoroughly discussed them and worked out plans. Moreover, research teams composed of professionals and experienced talent from all walks of life in Hong Kong have also been set up under the ad hoc subgroups to carry out high-quality research into the plans, thus marking all the work done in a more profound way.

The political subgroup has put forward written recommendations and plans for setting up the SAR Preparatory Committee, forming the first SAR government, and establishing the provisional SAR Legislative Council; the economic subgroup has put forward recommendations on the transfer and administration of the land fund after 1997; the social and security subgroup has raised three issues, namely, the issue on Chinese Hong Kong SAR

permanent residents' mainland-born children's relocation to Hong Kong, the issue of taking Hong Kong as the place of permanent residence, and the issue on returned emigrants' permanent resident status; the economic ad hoc sub-group has also studied the pegged exchange rate system which has a great impact on Hong Kong's finance, the retirement protection system and the British Hong Kong Government-initiated "old-age pension scheme," which are of vital significance to people's livelihood, post-1997 economic relations and trade between Hong Kong and the mainland, land and housing policies, housing price-dampening measures, and the issue of large-scale capital construction in the two places; and the legal ad hoc subgroup has discussed methods to deal with original Hong Kong laws as well as the legal issues which need to be considered before setting up the provisional Legislative Council.

The British thought that China would be upset and unable to make any countermoves if they refused to cooperate with China and dismantled the through-train arrangements. As the British have governed Hong Kong for more than a century and Hong Kong is a modern city, they considered that without their help, China simply could not resume its exercise of sovereignty over Hong Kong and Hong Kong people would never be able to maintain Hong Kong society's intricate but effective operations. They went so far as to think that to maintain Hong Kong's prosperity, the Chinese Government and Hong Kong people must prostrate themselves before the British to beg for help or must even be ready to pay a price. However, to their surprise, the Chinese Government and Hong Kong people, rather than being frightened into submission, have hit back at the British with the PWC's work. Even if the British are uncooperative, the Chinese people, rather than being tied down, will be able to make various plans, with collective wisdom and concerted efforts, to tackle problems and forestall chaos in the transition period, indicating that the Chinese people have the ability, determination, and wisdom to accomplish the work of transferring political power. The dominant power in the post-transition period lies with the Chinese Government and Hong Kong people, whereas the so-called "political reform" initiated by the British will only exist for less than 20 months. Once the British lower their flag and return home, the "political reform" will cease to exist.

It is precisely under such circumstances that the British groan inwardly and have a strong feeling that the implementation of "political reform" was a rash move which has not only laid bare Britain's ambition but has also cost it as regards its long-term interests in Hong Kong.

Hence, British Foreign Secretary Hurd has expressed the wish to "strengthen Sino-British cooperation" as well as suggestions on the criteria for handling post-transitional affairs. After calculating the balance of forces and the trend of the times, Britain neither wants to clash head-on

with the Chinese side nor to impair its interests. In his address to the PWC Fourth Plenary Session, Director Qian Qichen responded to Hurd's clarification of the British stand. Qian Qichen said: "We welcome this but of course, practical steps are still needed for achieving this. We sincerely hope that Britain will return to the track of abiding by the Sino-British Joint Declaration and cooperating with China. Cooperation will not only be good for Hong Kong's smooth transition but will also be good for the improvement of Sino-British relations." The British Hong Kong authorities can never stop the PWC from making progress in its work, neither can the attitude of disregarding the PWC's existence really solve the problems on Sino-British cooperation. Therefore, new moves should be taken if it understands that its earlier practice of blocking and opposing the PWC was inappropriate. It will be a good beginning for cooperating with the Chinese side if the British Hong Kong authorities can cooperate with the PWC.

Editorial Hopes For Progress in Joint Liaison Group

IHK0912070994 Hong Kong SOUTH CHINA MORNING POST in English 9 Dec 94 p 32

[FBIS Transcribed Text] In the five difficult years since the Beijing massacre of June 4, 1989 Hong Kong has grown used to paralysis in the Joint Liaison Group (JLG). The ritual calls for progress, for a positive approach, for a separation of politics and economics have lifted spirits in advance of each plenary session but have been ignored or rejected when the two sides have finally met.

This time, however, there is reason to hope the ritual is less empty than in the past. The new leader of the Chinese side, Zhao Jihua, would clearly like to make a different impression from his predecessor Guo Fengmin. But it would be wrong to place too much faith in a change of personnel alone. Of greater significance is what was achieved in the final weeks of Mr Guo's tenure. Only if Beijing is prepared to allow the agreement on the airport financing package to signal a new era of co-operation will the arrival of Mr Zhao unblock the huge backlog of JLG business.

But if Mr Zhao is allowed to negotiate seriously and his British counterpart Hugh Davies approaches the process in similar spirit, there is much that can and must be achieved. The Chinese are expected to give a positive response to a proposal to improve the operation of the JLG. But it remains to be seen whether British hopes for agreement on individual items are realistic. China has its own complaints to raise with Britain, not least the decision to introduce a code of practice for government departments to improve public access to information. After such prolonged inactivity, it will take time for the JLG to put its creaking joints back in motion. But, for Hong Kong's sake, it must get the motions under way.

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